



Foreign
Broadcast
Information
Service

FBIS-USR-94-050

11 May 1994



CENTRAL EURASIA

FBIS Report: Central Eurasia

FBIS-USR-94-050

CONTENTS

11 May 1994

RUSSIA

POLITICAL AFFAIRS

'Russia's Choice' on Budget	[OBSSHCHAYA GAZETA No 15, 15 Apr]	1
Chances for Accord Viewed	[SOVETSKAYA ROSSIYA 19 Apr]	2
Duma Takes Up Accord Document	[SOVETSKAYA ROSSIYA 23 Apr]	4
Communist Deputy on Accord, Divisions in Party	[PRAVDA 21 Apr]	4
Russians Polled on Accord	[MOSKOVSKIY KOMSOMOLETS 13 Apr]	8
Former Deputies Blacklisted	[OBSSHCHAYA GAZETA No 15, 15-21 Apr]	8
Deputy on Kuzbass, Miners	[SOVETSKAYA ROSSIYA 19 Apr]	10
Trial of White House Defender Starts	[SOVETSKAYA ROSSIYA 19 Apr]	13
Duma Views Corruption Charges	[SOVETSKAYA ROSSIYA 21 Apr]	14
Duma Reviews Corruption in St Petersburg	[PRAVDA 21 Apr]	15
Zorkin on Political 'Myths'	[LITERATURNAYA ROSSIYA No 14, 8 Apr]	17
Barkashov Interviewed	[MOSKOVSKIY KOMSOMOLETS 5 Apr]	21
'Majority Party' Appeal	[ROSSIYA No 14, 13-19 Apr]	23
Women's Duma Faction Leader Interviewed	[OBSSHCHAYA GAZETA No 16, 22-28 Apr]	24
Russia's Crisis, New World Order Viewed	[SOVETSKAYA ROSSIYA 21 Apr]	26

REGIONAL AFFAIRS

Tatarstan Soviet Leader on Recent Session	[IZVESTIYA TATARSTANA 4 May]	28
Tatarstan Passes Law on Public Service		29
Text of Law	[RESPUBLIKA TATARSTAN 26 Apr]	29
Decree on Public Service Law	[RESPUBLIKA TATARSTAN 26 Apr]	38
Tatarstan Opens First Mortgage Bank	[IZVESTIYA TATARSTANA 27 Apr]	39
Kabardino-Balkaria Prime Minister on Revival of Balkar People		
	[KABARDINO-BALKARSKAYA PRAVDA 25 Mar]	39
Kabardino-Balkaria Communists Support Membership of RF		
	[KABARDINO-BALKARSKAYA PRAVDA 31 Mar]	43
Kabardino-Balkaria Consolidation Party Outlines Goals		
	[KABARDINO-BALKARSKAYA PRAVDA 31 Mar]	43
Kabardino-Balkaria Industry Minister Reports on 1993		
	[KABARDINO-BALKARSKAYA PRAVDA 26 Mar]	45
Komi Election Campaign Surveyed	[NEZAVISIMAYA GAZETA 15 Apr]	48
Ilyumzhinov's First Year in Power Assessed	[NEZAVISIMAYA GAZETA 14 Apr]	49
Chelyabinsk Duma Deputies Petition Yeltsin on Admin Chief		
	[CHELYABINSKIY RABOCHIY 8 Apr]	50
Chelyabinsk LDPR Official Views Elections	[CHELYABINSKIY RABOCHIY 5 Apr]	51
Chelyabinsk Land Resources Chief on Land Reform		
	[CHELYABINSKIY RABOCHIY 5 Apr]	52
Maritime Kray Privatization Progress Viewed	[VLADIVOSTOK 28 Apr]	54
Oblast Administration Head on Economy	[SOVETSKAYA SIBIR 22 Apr]	55
Steps To Stabilize Regional Economy Viewed	[SOVETSKAYA SIBIR 26 Apr]	61
First Session of Oblast Soviet Reviewed	[VECHERNIY NOVOSIBIRSK 27 Apr]	65
'Environmental Safety Days' Observed	[VECHERNIY NOVOSIBIRSK 27 Apr]	66
Secret Order by Moscow Internal Affairs Details Crime Rate		
	[VECHERNIY NOVOSIBIRSK 13 Apr]	67
Luzhkov Explains Stand on Caucasus Natives	[OBSSHCHAYA GAZETA No 16, 22 Apr]	69
Luzhkov Law on Tax of Foreign Currency Sales in Moscow Exchanges		
	[MOSKOVSKAYA PRAVDA 14 Apr]	70

News From St Petersburg	71
Unemployment Figures [RABOCHAYA TRIBUNA 4 May]	71
Business Education From Britain [RABOCHAYA TRIBUNA 4 May]	71
Finns To Help Build New Power Plant in St Petersburg [SMENA 4 May]	71
Nizhniy Novgorod Governor Views Future Prospects [OBSSHCHAYA GAZETA No 16, 22 Apr]	72
Vladivostok Introduces Compulsory Licensing [NOVOSTI 29 Apr]	73

INTERNATIONAL AFFAIRS

'Internal' Impediments to Foreign Investment [FINANSOVYYE IZVESTIYA 14-20 Apr]	74
Oil Export Policies Threaten Future Economic Development [NEZAVISIMAYA GAZETA 19 Apr]	75
International Credit Card Firms Vie for Share in Russian Market [KOMMERSANT No 14, 19 Apr]	78
U.S. Firm To Cooperate With Ilyushin Plant [KOMMERSANT-DAILY 14 Apr]	85
Elements of Contract Negotiations With De Beers Viewed [KOMMERSANT-DAILY 13 Apr]	86
Fund To Support Large Enterprises Registered in U.S. [KOMMERSANT-DAILY 15 Apr]	87
First Russian Bank Opens in Netherlands [KOMMERSANT-DAILY 15 Apr]	88
Results of International Contest for Omsk Oil Disputed [KOMMERSANT-DAILY 16 Apr]	88
Bosnian Envoy, Commentary Discuss War in Former SFRY	91
Envoy Calls for 'More Balanced' Russian Policy [KOMMERSANT-DAILY 20 Apr]	91
Commentary States 'No Angels' in Balkans [KOMMERSANT-DAILY 20 Apr]	91
Middle East Peace Process, Russian Interests in Region Assessed [MEZHDUNARODNAYA ZHIZN No 2, Feb]	92
Trade With Turkey Increasing Rapidly [KOMMERSANT-DAILY 7 Apr]	94
Westinghouse Signs Atomic Energy, Air Traffic Agreements [KOMMERSANT-DAILY 7 Apr]	95

CENTRAL ASIA

KAZAKHSTAN

Almaty Polls on Elections Interpreted [EKSPRESS-K 27 Apr]	97
---	----

TAJIKISTAN

Opposition Leader on Talks in Moscow [NOVAYA YEZHEDNEVNAYA GAZETA 19 Apr]	99
---	----

UZBEKISTAN

Misery of Uzbek Rural Life Described [ERK 1 Feb]	100
Editorial Commentary on Turkic Unity [ERK 1 Feb]	102
Government Seen To Manipulate Election Process [ERK 1 Feb]	104

POLITICAL AFFAIRS

'Russia's Choice' on Budget

944F0624A Moscow OBSHCAYA GAZETA in Russian
No 15, 15 Apr 94 p 1

[Article prepared by "Russia's Choice" Duma faction:
"The Apparatus Ruminates Beyond Its Means; Duma
Faction 'Russia's Choice' Has Prepared and Distributed
the Following Document"]

[Text]

On State Wastefulness and Means of Combatting It

The financial situation in the Russian Federation continues to remain difficult. The federal budget deficit is increasing. State debts are not being repaid on time. Vital social programs have been frozen or are being only partially funded. Once again, the rate of growth of inflation is increasing. Under these conditions, as never before, our state needs a program of comprehensive economy of funds(...)

In 1994 the relative share of expenditures for state administration within the federal budget was increased by 1.5 times as compared with the budget for 1993 (not taking into consideration the construction of new and reconstruction of old administration buildings). The expenditures for capital repair of the government residence and its relocation have not been reflected in the budget. Expenditures are growing in the central apparatus and in the local areas. The number of central organs of administration is increasing. The edicts of the president and the government calling for a 20 percent cutback in the apparatus of the president and the government are not being fulfilled. The apparatus of the president and the government duplicate each other's efforts and the functions of the ministries. At the same time, new subdivisions are being created, which also duplicate each other's efforts.

The local administrative apparatus has totally gone out of control. In many cities, the number of local administrations has increased threefold. Re-equipment of administrative buildings is going on everywhere. Large purchases of imported computers, furniture, telephones and automobiles are being made. In the federal budget alone, the expenditures for buying equipment for various state and judicial institutions are to be increased by 12.25 times, for their capital repair—by 30.3 times, and for the construction of new buildings—by 19.5 times. Aside from this, huge amounts of money are being spent through extra-budgetary funds and through utilization of credit resources for other than their intended purpose.

In 1993, thousands of foreign automobiles costing \$20,000 - \$40,000 each were purchased at the rayon administration level. There were many cases of buying "Mercedes Benz" automobiles at a cost of up to \$130,000.

Individual ministries and departments, as well as state organizations, use buildings whose area is many times larger than that specified in the standards. The excess space is leased out, and the funds received are used for maintaining the organization. There are frequent cases of leasing at openly undervalued prices.

As a result, it takes the income tax from 500 workers to support only one bureaucrat.

We propose:

- a) to declare a moratorium on the creation of new administrative structures;
- b) to set limits on the number of state bureaucrats and limits on their wages at all levels of administration;
- c) to limit the purchase of new service automobiles;
- d) to urgently and comprehensively verify the utilization of administrative buildings;
- e) to prohibit the purchase of imported automobiles, furniture and equipment if there are cheaper domestic analogs;
- f) to spend only budget funds for the maintenance of the administrative apparatus;
- g) to eliminate administrative structures which duplicate each other's efforts.

The struggle against excess expenditures must become one of the key directions of activity of the State Duma, along with that of the president, the government and the Federation Council.

One of the members of the RF [Russian Federation] government, having read this note, joked: "One gets the feeling that Gaydar wrote it based on his own recollections." The hint is a transparent one: When the current leader of "Russia's Choice" was a member of the cabinet of ministers, he too drove around in a Mercedes, and not on the trolley.

OBSHCAYA GAZETA has no other evidence at its disposal to show that the deputy's "announcement" made any impression on anyone. The fate of this note is ordinary, i.e., unenviable. Two weeks later they could not even remember in the State Duma what kind of paper the "Russia's Choice" representatives submitted for their attention. Naturally, it does not figure in the parliamentary budget discussions, and it even took a great deal of effort to find it. By some miracle, the only copy in the entire Duma had been saved in the technical section of the Duma apparatus.

To politely send the authors of the note back to their own past ("People who live in glass houses...")—that is a rather widespread means of reacting to unpleasant questions. The radical democrats who had been in power really had time to show that they too were not ascetics.

However, the results of their personal practice do not eliminate and do not belittle the problem itself. One can hide the deputy's note, not let it get through, but how can one hide the fact that the state apparatus is becoming ever larger and more wasteful? Having endured the short-term test of democracy, the Russian bureaucracy has been able to preserve its main privilege—freedom from control of society. This has allowed the bureaucracy to quickly restore its moral forces, its capacity to multiply, and its taste for the comfortable life. Since notions of comfort are rapidly changing, the needs of the bureaucracy are growing so dynamically that soon there may not be enough taxpayers to satisfy them. If the authorities believe that this threat is not serious—so much the worse for the authorities.

Chances for Accord Viewed

944F0624B Moscow SOVETSKAYA ROSSIYA in Russian
19 Apr 94 p 1

[Article by Svetlana Shipunova: "Accord Is Not a Mushroom, You Will Not Find It in the Forest"]

[Text] A friend of mine often quotes the following saying: "It is too late to drink Borzhom water, doctor, when your kidneys have fallen off." For some reason, I always think of it when I hear the newly fashionable appeal for "civic accord."

In itself, the idea is, of course, a good one. It is the right idea. It should have been presented earlier—in about 1990 or at least in 1991, or at the very least somewhere in mid-1993. Had this idea been brought to life then, it would have saved many human lives and fates. Perhaps it would have saved entire peoples and our once great state. But what now? Now the memorandum proposed by the president will perhaps only save the president himself. First of all, from early re-elections, secondly—from the responsibility for two state overthrows, and thirdly—from corrections to the new constitution (and primarily from the correction regarding those same re-elections). All else is more than problematic. And here is why.

The agreement is entitled, "On Achieving Civic Accord in Russia." Wonderful. No one opposes this. But how do you intend to realistically achieve it (and not just on paper)? Judging by the title, we are speaking not only about an agreement between the political elite, but about accord in society itself. Yet what is our society like today? It has been torn to bits, to pieces, which have grown farther and farther apart from each other. Who or what can force the poor and the rich, the criminals and their victims, the all-powerful bureaucracy and the citizens without rights to agree amongst themselves? What document can reconcile warring ethnic groups, rival mafia clans, and polarized social currents? First of all, the present-day contradictions in society, the opposition of its various strata and groups, the open enmity and hatred, have already gone too far. Secondly, they are

objectively defined by the condition of life itself in Russia—and primarily by the economy.

No decree, memorandum or agreement can remove these objective contradictions or eliminate the very source of disagreement in society. And this source, no matter how you look at it, is the policy of reform. There will be no accord until reforms begin to yield a positive result. That means that in order to achieve true accord in society, what we need is not to compose memoranda, but to work toward this positive result. However, the people do not see such work. Up until the present, we have not been able to positively resolve a single acute and painful question: Neither the question of prices, nor of inflation, nor of non-payments—all those questions which reforms have given rise to and which millions of people suffer from. Without the resolution of these and many other vitally important questions, there is no use in waiting for accord and peacemaking at the lower levels. And without this, what is the value of accord reached at the top?

Let us assume the miners' trade unions sign a "social obligation" not to strike, while the miners, if their situation does not improve (and it will not improve, since there are as yet no prerequisites for this) will go on strike and will demand a change of the government and resignation of the president. And they would spit on any memoranda. The same is true also of the parties, as for example the Agrarian Party. What will its signature under an agreement be worth if the deception of the peasantry, which in our country has become a state policy, continues?

The tension in society is growing. Even the students (the harbingers of all Russian revolutions) have taken to the streets. One sector replaces another in the picket lines around the White House, and the news releases are full of announcements of the stoppage, one after the other, of the country's former industrial giants. Unemployment is at the door of millions of Russians. And what have the recent elections to the local organs of power demonstrated? They have demonstrated a mass distrust of the ruling political forces, the total alienation of the people from power (even the authors of the Agreement on Accord were forced to acknowledge this fact). And what is the crime situation in Moscow today, and throughout all of Russia? Every day there is a terrorist act. The level of banditism is almost the same as it was during the civil war, and there are probably as many firearms in the hands of the population as there were during wartime. Yet they tell us about "civic accord," as if we have just fallen from the Moon.

At first, the authorities did everything to see that society became splintered and destratified, that it fell apart into irreconcilable component parts. But now they want to bring everyone to accord with some document (even it if be three times as good and re-worked 100 times). Is this not naive? We get something like the introduction of communism by decree. As of 28 April, civic accord is being proclaimed. But where is the material base for it? They have not built it yet. Another little anecdote comes

to mind here: "Zhora, fry the fish." "But there is no fish!" "You just fry, and there will be fish."

The prospects of achieving accord at the top—between various political forces—are almost as unrealistic. This is specifically because of their differences, which bear a principle character. In fact, the draft agreement asks them to sign under a moratorium on waging political struggles, and primarily the struggle for power, which is basic to the activity of any party, even "Russia's Choice." It is for this, generally, that the entire business was cooked up. And from this standpoint the president's initiative is nothing other than a change of tactics. Up until now, the main political weapon of the presidential side has been disagreement (practically with everyone), confrontation and violence. However, these tactics have not brought success. The people have become angry, but have not been frightened and continue to offer resistance. The opposition has not scattered, but has become strengthened and has even legalized its activity. The president's authority and respect for the president (or even fear of him) have not increased. Rather, it has been the opposite. His rating in Russia and abroad has notably declined.

The policy of confrontation has become bankrupted. Now they want to try the policy of accord. On paper everything is pretty. Yet how does all this correlate with the actual reality? The very subject of political differences has not been coordinated or regulated:

What path should Russia follow?

What kind of society should we build?

Toward what ideal should we strive?

By what means and methods should we move toward our goal?

Yet they want to agree simply not to touch this subject, to avoid it. In other words, the problems over which all the discord has taken place in our society will not disappear, but it is as if everyone will agree to keep quiet about them. In that case, the Agreement on Accord is no more than an effort to hide our shame with the palm of our hand. I doubt that the parties and movements which have already gained sufficient influence will so easily and simply reject their political convictions.

There is one other side to the matter, which casts doubt upon the possibility of general agreement. Recent events in the State Duma and the Federation Council (amnesty, dismissal of the procurator general) have shown that even with the new parliament the president has a fleeting, unsteady accord, and that this organ—the closest in state hierarchy—certainly has not become his unconditional ally. And all because one thing is written in the agreement, while something else is done in real life. The tradition of violating the constitution and the laws, of exerting pressure on the legislative and law enforcement organs, is retained. The episode with Kazannik was a regular continuation of the episodes

with Rutskoy, Stepankov, Zorkin, and Barannikov. Is it not strange that the leaders of the main law enforcement agencies in the country suddenly, one after another, find themselves in contradiction and open conflict with the head of state? Is this fact alone not proof that law is being scorned in the state, and not by just anyone, but by the supreme authorities. In everyday life they say the following about such situations: "It cannot be that everyone is bad and he alone is good."

With the attitude toward law and toward the laws and moral standards which still prevails in the Russian upper echelons, not to mention the lower levels, we need hardly speak of any accord. If only this accord is not with lawlessness, such an accord when some transgress the law while all others agree to pretend that nothing terrible is happening.

If only the agreement were preceded by the honest and noble confession: Yes, citizen Russians, there has been a sin. I did violate the constitution and the laws, I employed violence, I repent and promise never to do so again! Let us start all over, like human beings..."

Yet nothing of the sort is being said. They are calling upon someone—we do not know who—not to behave disgracefully any more. The list of potential signers, however, is not specified. If these are only the state agencies—the president, the government, and parliament—according to the constitution they are obligated to do all that is written in the draft, including to work for accord in society.

Will the opposition sign all this—that is the question. Some of those in the president's encirclement propose that its extreme flanks be excluded from the number of participants. But then the entire idea loses its meaning. You can cross them out on paper, but it is not in your will to exclude them from the political life of Russia. Then about what accord—of whom with whom—are we speaking? Of Yeltsin with Gaydar? They will come to an agreement without a memorandum. But is it possible for them to come to agreement with Zhirinovskiy, Zyuganov, and Rutskoy—the real figures on the political scene of Russia? And without the mutual accord of specifically the polar, extreme forces, once again, what would be the value of such an agreement?

Nevertheless, even understanding all this, realizing the unreality and utopian nature of another political manifesto, we would like to believe and hope. To believe that there will not be a civil war, and to hope for civic accord, and mainly—for the reason and conscience of the politicians. If, thanks to this "Agreement on Accord," they do not shoot down parliament once again, even that is good. Although, of course, it is shameful that the constitution and the laws are not enough for the politicians in our country. They must also give a signed statement promising not to throw pitchforks at one another.

Duma Takes Up Accord Document*944F0624F Moscow SOVETSKAYA ROSSIYA in Russian
23 Apr 94 p 1*

[Article by Nadezhda Garifullina: "They Have Hushed Up the Discussion; State Duma Discusses Agreement on Social Accord"]

[Text] On Thursday, at an extraordinary meeting of the State Duma, the deputies began discussing the draft of the Agreement on Social Accord. But, being true to himself and to his unpredictability, the president proposed "Variant 2" for discussion, which none of the deputies, obviously, had ever seen. It was passed out just before the meeting.

Informing her colleagues about the process of preparing the Agreement on Achieving Civil Accord in Russia, State Duma Deputy Chairman Alevtina Fedulova said that this is not a legal and not an ideological document, but a political one, which "must reflect the consolidating viewpoints of different socio-political forces and representatives of different branches of power on a definite circle of vital questions." She also announced that the agreement, as compared with its first variant, more clearly "defines the rules of behavior of the parties." However, even a passing acquaintance with the document shows that this is far from being so, and that "Variant 2," like the first one, is reminiscent of a one-way street.

"The parties promise to take all necessary measures for ensuring calm in the country," states the first section. Wonderful! Who would dare not to agree and to object against "calm in the country"? These "measures" are presented further: "The organizers of meetings, demonstrations and strikes assume not only legal, but also moral-political responsibility for the peaceful character of these actions and their implementation in strict accordance with the effective legislation." But what "obligations" do the president, the government and the power ministers assume? Or do they, as before, reserve the right to surround a peaceful demonstration staged on a state holiday with reinforced militia detachments—mounted and infantry militia troops, dogs, OMON [special purpose militia detachment], internal troops; to close off the streets with trucks which have been prepared ahead of time, and then to use water cannons, tear gas, and billy clubs against the demonstrators, as was the case in last year's May 1 demonstration on Leninskiy Prospect? Or to open fire on them from all types of weapons, including cannons and tanks, as in the days of the October tragedy? The document does not say a single word about the responsibility of the authorities.

Or else, it contains postulates which cannot help but make one blush: "The parties proceed from the fact that the entire political process must be implemented within the framework of the constitution;" "The parties believe that the highest officials must maintain an ongoing dialogue with society and public associations, explain the meaning of the implemented reforms and specific

decisions"... But why not write that the "parties" must, for example, wash their hands before eating?

Yes, of course, as compared with "Variant 1," some "progress" is obvious. The threats of removing "those who do not agree" from the deputy mandate have disappeared, and certain "well-known public leaders and leaders of culture" are now excluded from the list of signatories since, as the deputy from the CPRF [Communist Party of the Russian Federation], Yuriy Ivanov, noted, for the opposition the appearance of some representative of the mercenary capital beau monde is entirely inadmissible in this conciliatory commission. But, despite certain "cosmetic" corrections, the document submitted for discussion did not bring accord to the deputy corps. Most of the factions believe that they cannot sign such an agreement.

Naturally, there were also speeches in support of the document which was being imposed on society—by representatives from the PRES [Party for Russian Unity and Accord], "Women of Russia" and "Russia's Choice."

Civil accord in present-day Russia is impossible. That is the conclusion drawn by the governing board of the Russian All-People's Union in its announcement on provision of civil peace in Russia. This document was distributed by Deputy Sergey Baburin in the lobby. It has dotted all the i's: "There can be no accord between those who have gotten rich by plundering their Homeland and those who, after many decades of honest labor, have become poverty stricken; between those who have destroyed a great world power, its economy, army, and spiritual strength, who for the first time in decades have brought the Russian people to the brink of extinction, and those who opposed these processes with all their might. There can be no accord between those who in the Fall of 1993 performed a state overthrow, trampling the law and human lives for the sake of their own egotistical interests, and those who have remained true to the ideals of Law, Justice and Honor, and who stood up in defense of the defamed Constitution..."

Communist Deputy on Accord, Divisions in Party*944F0611C Moscow PRAVDA in Russian
21 Apr 94 pp 1, 2*

[Interview with Viktor Ilyich Zorkaltsev, deputy chairman of Central Executive Committee of Communist Party of Russian Federation and State Duma deputy, by Valentina Nikiforova; date and place not given: "Political Instructor Klochkov Would Spare the People"]

[Text] We could see the lights of Moscow through the window of the office on the 15th floor of the building occupied by the Duma. It was a breath-taking sight and...a disturbing one: Foreign words blazed audaciously in neon lights on Novyy Arbat. Viktor Ilyich sighed with regret:

"It is like a foreign city...."

It had been a hard day: The Duma had been discussing the draft budget, and during the breaks he had spoken with representatives of different religions, given statements to reporters, and worked on his speech for the upcoming party conference. He did not refuse the interview, however, because Viktor Ilyich had once seen a thick pile of letters from readers on the editor's desk and made this request after reading some of them:

"Give them to me, and I will answer them personally and through PRAVDA."

This man, a structural engineer by profession and a party worker by vocation, a people's deputy of the Supreme Soviet and a deputy of the State Duma by civic duty—what did he see in these letters?

"I wanted to communicate with the authors, to explain some things, and to argue about others. In the past there was not enough time to read letters, and this was not even part of our routine—we only responded to official requests from superior party and soviet organs regarding 'complaints filed by workers,'" he said with an ironic grin.

[Nikiforova] Viktor Ilyich, what was it about the letters that interested you?

[Zorkaltsev] In the letters and in conversations with people, I keep hearing the same question: "When you communists are back in charge of the government, will you put everything back the way it was?" I want to say frankly and sincerely that the communists will not be back in charge of the government. This is not our goal. The objective of the Communist Party is to put the workers in charge—the segment of the laboring public that shares the ideals of socialist construction. Furthermore, if we do establish government by the people (and not government by the party!), we will not put anything back the way it was. We will move ahead.

[Nikiforova] Then the readers—or, more precisely, some readers—want to know if it is true that the RF Communist Party is in favor of reform.

[Zorkaltsev] Yes, it is. The need for reform is self-evident. Here is what Mikhail Ivanovich Kozhin from Krasnodar Kray says in his letter: "Although I still support socialism and have retained my communist convictions, I will refrain from rejoining the RF Communist Party because I did not agree with the socialism we had even in the 1950s." That is the opinion of a man who does not deny the need for reform, but we cannot see any kind of reform in our country today! What we see is an artificial situation in which people are being forced to cross a river and are being promised that life is better over there. But the river is turbulent, the water is cold, the elderly are drowning, the children are sick, and the women are crying. Meanwhile, others are urging them on, forcing them to swim faster, to their death.

If we are going to cross a river, we have to begin by finding out how deep it is and how swift the current is,

collecting life preservers, and then calmly starting the journey, all of us at the same time. Have you heard what kind of budget we are approving? It is the most anti-reform document possible! We have heard that the reformers want to build capitalism (an absurd idea in itself, because Russia was not destined to master it at once), but why then does the budget allocate only 17.5 billion rubles for the promotion of business and commercial enterprise, 249 billion for the development of family farms, and 3.78 trillion for the administrative bureaucracy?

[Nikiforova] It is probably no coincidence that the idea of the agreement on civic accord came up, and with such a close deadline—28 April. Anatoliy Ivanovich Shorokhov from Krasnoyarsk Kray is extremely critical of this idea: "Before the elections they tried to frighten us with the threat of civil war if we did not approve the draft constitution. Now there is suddenly a need for this agreement as well. Is the Constitution no longer enough? Could this be another trick: to prevent the opposition from voicing any objections and then calmly declare a state of emergency?" What would you tell him?

[Zorkaltsev] The accord is actually necessary for the avoidance of a state of emergency. It is true that this could be achieved by constitutional means, but the government and the president have to take some substantive steps now.

[Nikiforova] What kind of steps?

[Zorkaltsev] First they have to pay people their back wages. What kind of accord can we have when people are not getting enough money to cover their living expenses for four or five months at a time? The second thing is to make cost-of-living adjustments in pensions. The third is to return everything they seized in January 1992. Then they can perfect the tax system and leave it in place for the next 5 or 10 years.

After all of this has been done, we can begin to consider signing the document. And there will be no deadline of 28 April!

[Nikiforova] Is that your personal opinion?

[Zorkaltsev] Yes. I expressed it at a faction meeting, but the final decision on signing should be made by the administrative bodies of political forces. We can only sign the agreement after the decision has been made by the all-Russian conference.

[Nikiforova] On your own terms?

[Zorkaltsev] If a two-year moratorium on political stability is declared, the Mausoleum of Vladimir Ilyich Lenin will have to be reopened, and the memorials by the Kremlin wall and Vladimir Ilyich's office and home must be inviolate. The expenses of the Lenin Museum must be included in the budget and financed completely.

The blacklist of deputies who defended the Constitution in the Palace of Soviets must be voided.

The economic conditions are set forth in the Premises of the Communist Party Program, "From Crisis to Stable Development, Sovereignty of the People, and Socialism."

[Nikiforova] The general response to the document was favorable. Here is what I. Gobozev from Moscow writes: "The 'Premises' advocate national accord, which offers indisputable confirmation of the fact that the communists, contrary to the common views of their opponents, are not calling for class warfare. We must not forget, however, that 'people in palaces do not have the same views as people in huts.'"

[Zorkaltsev] And that the "hut-dwellers" will want to cross swords with the "palace-dwellers" at some point. That is why a political party hoping to lead the "hut-dwellers" must not forget Feuerbach's warning....

Incidentally, the "Premises" were drafted by party workers, and not by elitist academicians from the party. I know that the document is being criticized by the Right and the Left, and this is a good thing: It means that we will be able to chart the right course. One thing that is disturbing, however, is that both sides are quoting V.I. Lenin! They criticized us for agreeing to the elections, for example, saying that this was not a Leninist move. Lenin, they say, would have been against this, but they have not even read Lenin's works!

Obviously, our party can be criticized for some things. My comrades in the leadership and I can see its flaws, but people are still joining it. I recently attended the Khoroshevskiy Rayon Conference in Moscow, where three people were issued membership cards. One was 46 years old, joining in the prime of his life, but the other two were quite young. This means they put their trust in the Communist Party!

[Nikiforova] While we are on the subject, here is something we were told by Arseniy Chanyshv, an instructor at Moscow State University. Twenty years ago he was not allowed to go into science because of some poems he had written against the communists (saying he would rather go to hell than live among them), but now he sees so many people who have "gone to hell." He writes with concern about the "lost generation of perestroika." He is looking to the communists for solutions and salvation: "Only the communists have an accurate view of Russia's present tragic situation and can analyze it from the standpoint of science and class (and ours is now a class-antagonistic society), and only they can save Russia." But the Communist Party still has to analyze its own policies more thoroughly. Many communists feel that the tragic changes in the party were the result of the betrayal of the upper echelon and the leaders. Do you agree?

[Zorkaltsev] This is an obvious mistake, and when people say that we will revive the CPSU and that this will guarantee the restoration of the Soviet Union, this is an

even bigger mistake. The CPSU caused the Soviet Union to collapse and then destroyed itself. The CPSU was unable to offer the society a new model of development. Strong productive forces came into conflict with production relations, and the party, which had already grown fat and lazy on materialistic gratification, did not notice this. It had lost its fighting strength and could not lead the society.

The CPSU got soft when there were no other parties competing with it, but now there are only 600,000 of us and we won the election. In 1989 there were 9 million communists in Russia and we lost. We now hold 10 percent of the seats in the Duma, and we can have the final say on some matters. We plan to implement the economic part of our program there. In the Supreme Soviet, 85 percent of the deputies were communists, and what was the result? When they say that Yeltsin suspended the activities of the CPSU and banned the party, this is a lie. Deputies voted for the suspension at the USSR Congress of People's Deputies, attended by all of the former obkom first secretaries and members of the Central Committee. Dissident Roy Medvedev walked up to the microphone and was the only one to object. Why did the 170 obkom first secretaries and Central Committee members remain silent? Why did the Central Committee itself remain silent? Yeltsin did not sign his edicts until after all of this. They were based on the decision of the USSR Congress of People's Deputies!

Here is another fact. When the Belovizh bargain was being concluded, the communists did not defend the results of the 17 March 1991 referendum. In the auditorium where the treaty was ratified, a few of us felt as if we were sitting in a well. Communists all around us stood and applauded. There was still time to correct everything then. Just imagine this: Political instructor Klochkov rises to lead the people in battle, and at that time he is "suspended"! He is no longer a political instructor....

[Nikiforova] The letters contain extremely vehement criticism of the bureaucratic party. Do you agree?

[Zorkaltsev] It hurts me when people say that about the CPSU. The party promoted and always will promote career personnel. It could not exist without them, and the present fight with the party bureaucracy is a carefully orchestrated performance. Few of the readers were in the party with us. At one time the most mature and politically knowledgeable promoters of the communist ideal had to leave the party. The new people, although there were many intelligent and outstanding organizers among them, were confronted by an experienced and insidious political opponent—and were defeated.

I have spent my whole adult life working for the party. I never knew (or was it just luck?) any hoarders, money-grubbers, or hypocrites. They were all people who were devoted to the ideal and the cause and they did the work in response to their conscience, and not for money.

[Nikiforova] Yes, but will you agree that the party has aged?

[Zorkaltsev] I often hear that only old people come to party meetings, and I reply that these are the most steadfast supporters of the communist ideal. As long as they are still here, there is a chance to prepare replacements for them. In Khoroshevskiy Rayon I was fascinated by Doctor of Philosophical Sciences Mikhail Pavlovich Shendrik. He is an elderly man with a great mind and a colossal memory. He is the true ideologist of that party organization.

[Nikiforova] Incidentally, I saw that organization's campaign leaflets. They were explicit, clear, and precise. Everyone should have a chance to read them....

[Zorkaltsev] This is a vivid example of a job done by professionals. This means that the party is safe and is coming around the perilous bend. Each day it has to defend itself. First it is criticized by PRAVDA, then by LEVAYA GAZETA, and then even by the people attending a party conference. I once gave a speech in the Taman Division Officers Club. I was asked why I had never come before. Without thinking, I replied that they had their own deputy. When the meeting was over, a communist who had been in the party for 40 years came up to me and reprimanded me:

"Why did you say that you are not our deputy? We voted for the Communist Party ticket and I campaigned for you."

[Nikiforova] Do you have any complaints about PRAVDA?

[Zorkaltsev] I like PRAVDA, but there is something I have to say. I was offended to read two articles in a row that were essentially an indictment of the Russian Orthodox Church. One was written by Rutskey's assistant, and the other was written by Rutskey himself. The Orthodox Church and its hierarchy were blamed directly or indirectly in one of them for the events of 3-4 October. I think this was a result of political nearsightedness rather than malice.

I am an atheist, but there are certain times in politics when everything that is genuinely Russian has to be protected. Our ancient traditional religions need support. In the years of Soviet power many church leaders were awarded the highest honors of their Motherland. Everyone knows how helpful the church was during the Great Patriotic War and the postwar years.

As far as the tragic events are concerned, it seems to me that Khasbulatov did not have enough staying power, and that a cursory reading of Ilyin and Berdyayev could not make Rutskey a profound man....

[Nikiforova] Viktor Ilyich, many communists are disturbed by the prospect of unification in the SCP-CPSU. The Moscow organization was actually split by different views on this matter. Some of the letters accuse the RF

Communist Party leadership of not joining the SCP-CPSU because they have degenerated and are drifting toward social democracy.

[Zorkaltsev] I do not agree with the line of the SCP-CPSU leadership. Think back on what they have accomplished in a year and a half of existence. They held a congress of peoples of the USSR, but they turned the grand and difficult task of uniting the country into a slogan. What contributed to the quick establishment of the Soviet Union in 1922? Russia was like a beacon to the outlying regions. They were attracted by the revolution that had triumphed and was defending itself, by the grand-scale construction, by the progressive ideology, and by the strong intelligentsia. The backward outlying regions were drawn to Russia. Recently, however, when Russia relinquished all of those same regions and was in a state of poverty, they all turned away from it and the parade of sovereignties began. Can they live alone for long? Time will tell, and it has already told us in some cases.... But we cannot establish a new union until Russia recovers its appeal. We have to build a powerful Russia and build a strong Communist Party. Then it will be joined by other communist parties in our Fatherland, and we will all work together to build a single state. This is why the work against the RF Communist Party, which split the party, is work against the communist movement and the whole leftist movement. I cannot bear this. That is why I feel that we should join the SCP-CPSU soon. Then it will be easier to reach an agreement with other parties. In the first place, communists are collectivists and internationalists. In the second place, now that there are several communist parties, they should unite, because this is not the time for dissension.

The slow integration of the Fatherland is beginning. Regrettably, it was not initiated by leftist forces. Oddly enough, it is being promoted by the power structure. Everyone criticizes V. Chernomyrdin, but his integration on the basis of property exchanges has proved to be a sound process. Then there is the creation of the ruble zone, which also, to our regret, was initiated not by us, but by the premier.

You remember how the leaders of the six republics met in Tashkent and had already reached an agreement on the ruble zone when Christopher suddenly arrived, made his tour, and annihilated the plan in its infancy. It was a good thing that Belarus held out. If the communist parties had acted decisively and boldly, the republics might have held out.

Yes, it is true that the Communist Party does not agree with this government's reforms, and we do criticize it, but we do support this particular government move. We do not like Yeltsin, but we support his position on the creation of the ruble zone. Our voters and the supporters and allies of the RF Communist Party should know this.

[Nikiforova] Incidentally, how would political instructor Klochkov respond today to these comments by R.

Kosourov, secretary of an RCWP [Russian Communist Workers' Party] rayon organization from Ryazan Oblast?

"The team in charge today and the whole bourgeois upper echelon will not give up their power to the workers without a fight. That is why the working class, as capitalism's grave-digger, and the peasantry, its loyal ally in the struggle for class interests, need a party armed with Marxist-Leninist theory and capable of leading them to victory, and not accord or a government of national accord. The slogan 'Proletarians of all nations, unite!' is not obsolete."

[Zorkaltsev] The working class.... It might be more accurate to say the labor collective. Today it is impossible to distinguish the worker from the engineer or the foreman. There is no question that the slogan "Proletarians of all nations, unite!" is right, but can we realize it today? Did the workers on the Ford assembly line, for instance, support the workers of the Lenin Vehicle Plant? I have not heard, but I know that this would not be convenient for the Ford workers. After all, they now earn a fairly high wage, and partly because of the low

wages workers earn in other countries. The attempt to move too far ahead in ideology and the party's objectives led to the events of 3-4 October. I think political instructor Klochkov would spare the people for now. He would advise study and training. We must remember that the Great October Socialist Revolution triumphed because it was not a plot by a small group of people or a coup by members of the upper echelon, but a great popular movement.

Russians Polled on Accord

944F0632C Moscow MOSKOVSKIY KOMSOMOLETs in Russian 13 Apr 94 p 1

[Report by VTsIOM sociologist Oleg Savelyev: "Russians on Civic Peace and Accord"]

[Text] At the end of March 1994 the All-Russia Center for Public Opinion Studies [VTsIOM] polled 1,600 Russian citizens; the sample selected was representative of the adult urban population of the Federation. Below is the distribution of answers to some questions of this poll on the subject of attitudes toward the problems of achieving civic peace and accord; given in percentages.

"Many politicians are currently talking about the need for civic peace and accord in our country. Would you or would you not support efforts aimed at achieving such an accord, or do you think it is not achievable?"

Would support	69
Would not support	3
Do not think it is achievable	15
No opinion	13

"In your opinion, what is the fastest way to achieve civic peace and accord in the country?"

By dramatically improving the economic situation in the country	42
By all parties and movements rejecting violence and armed struggle	20
By all citizens and organizations observing the Russian Constitution adopted in December 1993	14
By forming a government of national confidence	10
No opinion	14

Former Deputies Blacklisted

944F0611A Moscow OBSHCAYA GAZETA in Russian No 15, 15-21 Apr 94 p 8

[Article by Nikolay Troitskiy: "The 'Blacklists' as the Highest Form of Social Protection"]

[Text] After October 1993 there were "disfranchised" people in Russia once again, just as there were after October 1917. In the 1920s this is what they called the members of the "exploitative classes" who had been deprived of the right to vote. At that time they numbered hundreds of thousands. Today the scales are not the same: The "sequential constitutional reform" has limited the rights of only around 150 people.

These people of different genders and ages are united by a common "social status": All of them were people's

deputies of the Russian Federation of the 1990-1995 convocation. Their labor books now bear the following inscription: "Dismissed from work on a permanent basis in accordance with RF Presidential Edict No 1400 without eligibility for the social guarantees specified in RF Presidential Edict No 1435."

This inscription, which was composed by experienced personnel from Old Square (members of the presidential administration, not the CPSU Central Committee), was required after several hundred people lost their jobs as a result of the forcible elimination of their place of employment—the Russian Federation Supreme Soviet. That was when our solicitous president issued Edict No 1435—"for the purpose of providing people's deputies with state guarantees of social protection." The highest social guarantees were offered to the deputies: They

could not be arrested without the president's consent; they would receive financial benefits in the amount of their annual salary (i.e., 3 million rubles all at once); they would have job placement and pension privileges; they could keep the living quarters they were assigned in connection with their office and could even privatize them; they could vacation in "official" resorts until 30 June 1995; and so on and so forth.

Aleksandr Pochinok, then the chairman of the RF Supreme Soviet's planning and budget commission, quickly calculated that the edict would cost the state budget 25 billion rubles (not counting adjustments for subsequent inflation and cost-of-living raises). Incidentally, the amount depended as much on the deputies as on the president. The fact is that Yeltsin was planning to offer this security not to all of the people's representatives, but only to those who acknowledged his Edict No 1400. In other words, the chief of state decided to reward—at the treasury's expense—his supporters and possible turncoats.

The applicants were many in number, and a commission, headed by former Procurator and Deputy Aleksey Surkov, was set up as part of the presidential administration. This commission was authorized to "separate the sheep from the goats" and dispense the "social guarantees." It went to work with such zeal that even completely loyal democrats had difficulty passing its screening process. It stayed in session for a whole five months, verifying the allegiance of former comrades in the corps of deputies and making detailed reports to the Kremlin personnel division: recommending the specific entry for the labor book of each, either allowing or disallowing the social guarantees.

But this was long ago. Much has happened since then: The parliamentary elections were held, the country acquired a new Basic Law, a political amnesty was declared, and the president asked everyone to join the crusade for national reconciliation. It appeared that Surkov's commission was obsolete and that its reports could be deposited in the trash can of history.

But no, the commission survived all of the discord and still has not been dissolved. On 9 March the presidential administration issued Directive No 415 under Sergey Filatov's signature, summing up the results of the activities of the government screeners. A list of 151 people who were not eligible for the "guarantees" was attached to the directive. The contents of this document were to be brought to the attention of local representatives of the president and agencies of the executive branch of government.

The names on Filatov's list include those of 15 deputies of the present State Duma, including one speaker, one faction leader, one head of a Duma committee, and four members of the Federation Council. For these lucky few, all of the "deprivations" are in the past. It is true that they did not receive their severance benefits, but they did avoid the "career restrictions" and can even collect a

regular pension. Things are more difficult for those who were unable to renew their deputy mandates or at least find a place on the parliamentary staff. Several former deputies (they asked the OBSHCAYA GAZETA correspondent not to mention them by name) took the risk of going back home, filling out a new application for a residence permit, and trying to find a job. They learned right away that the orders of the top Russian leadership have a more direct effect than the constitutional declarations of human rights. Local officials who looked through their labor books and checked their own papers suddenly became impervious and refused to help the ex-deputies find jobs. Now the miserable wretches have to come to the capital periodically to seek forgiveness.

Filatov recently implied that the president might be charitable and that the notorious directive might be rescinded in connection with the impending civic accord, but this unexpected outpouring of clemency will not solve anything: These people will still have the ineradicable entry in their labor books and no severance benefits.

The OBSHCAYA GAZETA correspondent asked many attorneys for a legal assessment, rather than a political one, of the present situation. This turned out to be an extremely complex matter. Boris Zolotukhin, now one of the leaders of the "Russia's Choice" faction in the Duma and formerly the lawyer of the civil rights advocates and a people's deputy of the Russian Federation, said that the legitimacy of the "blacklists" was difficult to assess because the legality of the "social guarantees" themselves is quite dubious (although this did not keep Zolotukhin and his associates from making use of all of these "guarantees").

Independent attorneys confirmed that Presidential Edict No 1435, Surkov's commission, and the proscribing lists are all links of the same chain and are beyond the legal fringe, but today no court has the power to overturn "Yeltsin's discriminatory legislation." After the president abolished the constitution and a whole branch of government, he set up his own patterns of legal relations with members of parliament, so he cannot be expected to correct the situation. During the conversations about the disfranchised, experienced attorneys spoke in strictly ethical terms: "They lost the 'social guarantees' because they could not be bought. Why then should they now receive these '30 pieces of silver'?"

The inscription in the labor book is a different matter. The notation "dismissed from work in accordance with Edict..." (the rest is unimportant) is, according to attorneys, "a definite violation of the labor rights of citizens." Labor legislation does not recognize a "presidential edict" as grounds for dismissal. This notation "discredits the worker" without giving him any chance for appeal, because no one knows exactly which official dismissed him. This is an obvious infringement of civil rights.

It may be obvious, but no one is trying to defend the violated rights of the disfranchised at this time. Members of the staff of Human Rights Commissioner Sergey Kovalev told the OBSHCAYA GAZETA correspondent that they have not looked into the matter and would not know where to begin. The Duma has remained silent. Speaker Ivan Rybkin, whose own name is on the "black-list," has dismissed the matter with the broadest generalizations. The disfranchised have no faith in the independence of the judiciary. During their years as deputies, they learned the ins and outs of Russian governmental power, and that is why they are now relying on the good graces of their leader, and not on the supremacy of the law.

Deputy on Kuzbass, Miners

944F0624C Moscow SOVETSKAYA ROSSIYA in Russian
 19 Apr 94 pp 1,2

[Interview with Aman Tuleyev, Federation Council deputy, conducted by correspondent Nadezhda Garifulina: "At the Limit of Patience"]

[Text] The deputies of the Federal Assembly supreme chamber greeted the appearance of their colleague, Aman Tuleyev, in the Federation Council meeting hall with a bouquet of flowers, a hearty welcome by the speaker, and enthusiastic applause. And there was good reason for congratulations: At the elections to the local organ of power in the Kuzbass, Tuleyev's block had won a "crushing victory" over the candidates of pro-presidential "democratic" orientation. Out of 30 elected deputies, 23 are in Tuleyev's command. During the break, I sought out Aman Gumirovich and relayed to him the congratulations of SOVETSKAYA ROSSIYA readers and journalists, and asked:

[Correspondent] What did the voters talk about at the meetings? What does the oblast population expect from the Legislative Assembly?

[Tuleyev] The meetings were very difficult. People have been driven to the brink of desperation. It is that way everywhere, and I met with all strata of the population, including the miners, of course. I will never forget the discussion which lasted for many hours at the "Fizkulturnik" mine, where the representative of the miners' trade union was also present. The attitude in the collective is already on the brink of breakdown. And what can it be like if the miners are demanding that what they earned in November be paid out to them at least in March or April?! I remember, some speakers said openly: "If they do not meet our demands, we will take our pick axes and begin breaking down the shop stalls, the commercial buildings, the mayoralties." I say: God forbid, of course, that this "merciless riot" should occur. Its echo would carry disaster throughout all of Great Russia, and then it would be the end of all. Can it be that they do not understand this here, in Moscow?

I visited the "Yuzhnaya" mine. My heart bled. The miners had begun to pass out from hunger. They are

going to the coal mines hungry!... When has such a thing ever happened? Even during the war they cared for the people and found ways to support and help them. But here they are demanding their lifeblood, what they have earned! Cases of passing out from hunger have been recorded also in the city of Kemerovskiy. The "Pervomayskaya" mine has been on strike in this city for a month now. Because the miners, and all the population in general, find themselves in most difficult, inhuman conditions.

[Correspondent] The fact that the Tuleyev block won the majority of the mandates in the local organ of self-government, it seems to me, is a rather indicative fact. As it turns out, most of the voters of the mining kray have gone over to the opposition against the ruling regime, and an active process of rejecting the policy of anti-popular reforms has begun?

[Tuleyev] Yes, the miners themselves are posing the question of trust in the president. And at the meetings they have often announced: "We have trust in no one!" Recently, at the request of the Association of Enterprises and Organizations of the city of Kemerovo and, naturally, the voters, I sent a deputy's request to the president, the chairman of the government, and the speakers of both chambers of the Federal Assembly. This, if you will, was the soulful cry of thousands and thousands of people. We studied the systematic reporting on the economy and the social sphere. We analyzed the meetings with labor collectives, with the people at their place of residence, and with managers of all forms of ownership which were held in the course of the pre-electoral campaign to the Legislative Assembly. And we came to the irrefutable conclusion: Processes of disintegration of industry, agriculture, construction and the social sphere are being consistently implemented in the Kuzbass.

[Correspondent] The conclusion is a difficult and bitter one, but are you not exaggerating a bit?

[Tuleyev] Judge by the figures: The decline in volumes of industrial production in the last three years has comprised over 40 percent, and in construction—around 60 percent. The base coal industry of the Kuzbass has fallen to the level of the 50's, the chemical industry—of the 60's, and the light and food industry—to the level of the 70's, to the times when these sectors were just emerging in our oblast. Hidden unemployment is reaching 40 percent, while at some enterprises up to half of the workers have been laid off. Highly skilled workers are becoming "shuttle runners," "stall-keepers" and second-hand dealers, as a result of which the threat of stoppage of complex types of production has arisen due to a shortage of workers. Labor productivity has fallen to one-third of what it used to be in industry, and on the whole the economy of the Kuzbass has been thrown back to the level of the 60's. And this is in peacetime, half a century after the most destructive war in history... This has led to ruin, desperation and hopelessness...

Mutual nonpayments have taken on the form of a mass epidemic disaster. I will say without exaggeration that they have cast the economy and the social sphere of the Kuzbass into a state of collapse. The total amount of mutual nonpayments between enterprises and organizations in Kemerovo Oblast—taking into consideration the enterprises of other regions and the CIS republics—reached over a trillion rubles by the end of March.

[Correspondent] But they say that supposedly all these nonpayments are almost provocation on the part of the "red directors?"

[Tuleyev] Rubbish! Everything has been destroyed—the country, the communist party, the soviets which supposedly hindered the implementation of "democratic transformations." Now a new image of the enemy is needed. And so they found one: The "red directors." In fact, however, the mass nonpayments are caused by the actions of the government, which has refused to finance, partially or fully, the enterprises of the TEK [not further expanded] and the budget organizations, and to pay for the agricultural production which has been taken from the peasantry. Why, this is a modern form of corvée [feudalism]! The nonpayments lead to a string of most acute conflicts in the economy and in the oblast.

In general, if we speak with complete frankness, we must say that the Yeltsin-Gaydar reforms have set us back not by 20-30 years, but to the epoch of the feudal natural economy. From commodity-monetary relations, the economy of the Kuzbass has begun to change over to exchange in kind. Barter is flourishing. Wages here are paid in whatever you like—from irons, shoes, fabrics and tobacco goods and even meat to medical preparations and spare parts for automobiles.

I could go on forever citing examples of the destructive processes, examples which confirm that the course being implemented by the "reformers" is unpromising. I will say only that the government of Russia and the local authorities are ever more acting in the role of firemen; and in recent months they are not even able to handle this role, as confirmed by the results of the first quarter. A sad record has been set for rate of decline in production—25 percent! Well, it seems that now we should sound the alarm and urgently alter the course which is ruinous to Russia. Nothing of the sort! The government of Russia is not even thinking of correcting it. On the contrary, with maniacal consistency it rejects any management and regulation of the economic and social processes.

[Correspondent] Yes, it is certainly not in the best of situations that the Legislative Assembly of the Kuzbass is making its debut. Nevertheless, how did you begin?

[Tuleyev] At the first organizational meeting immediately after the elections, we elected a chairman first of all. I will not hide the fact that I am beholden to the deputies for their trust. They voted unanimously for my candidacy, and by secret ballot. Then we adopted the first document—the statement of the Legislative Assembly,

in which we announced ourselves as the legal successors of the Soviet Union of People's Deputies and thanked our predecessors for their honest fulfillment of their deputy obligations.

We will have to act under difficult conditions. We have a great responsibility to the people, while our rights under the constitution are laughable. Nevertheless, we must do everything possible for the people, even under these circumstances and with a poverty budget. I told the deputies: If we do not do anything specifically in this most difficult situation, these will be the last elections in the Kuzbass. The people will not go to vote any more. Therefore, the deputy corps bears a huge responsibility.

Currently, we are preparing our first resolutions. What have they done here? The departments have staged competitions—who will raise prices the most. Communications suppliers are raising the telephone rates, municipal managers are hiking up the rent. I might add that those who live in the center for some reason pay less than those who live on the outskirts. Moreover, expenditures for transport have risen sharply. Also, payment for land takes up the lion's share of the family budget: 15,000 for one sotok! Who can afford to plant a garden? Potatoes will be like gold. And so it turns out that in every family, 70-80 percent of the income goes just for food. Of course, such a policy lays the groundwork for social upheaval. Therefore, we will solve these problems in first priority, and will think about how to protect the population.

The tragedy of the Kuzbass lies in the fact that it has been plied to death with drink. Last year, 1,900 people were poisoned by vodka which had been brought in. Is the domestic variety not enough? They are even bringing it in from across the border. 1,900 families have been left without breadwinners for this reason alone. And the first request which I made to the procurator general: We must bring to responsibility those who are getting the people drunk. As it is, the Kuzbass is dying off. The mortality rate exceeds the birth rate by 20,000 people! You know, during my life I have passed through all imaginable and unimaginable choices, but the last ones were the most difficult: The people have already been beaten to the end. They no longer believe anything or anyone.

I wrote about all this in that letter which I mentioned at the beginning, the letter to the president, the prime minister and the leaders of the Federal Assembly chambers. At the end I added a note: I am sending this in order to clear my conscience. The people have asked, and I have fulfilled their request, although I know that these appeals will do no good. Therefore, I asked: Give the rights to the regions, do not hang on to power. As it is, you are doing nothing yourselves and not allowing us to do anything.

[Correspondent] This time at the meetings of the Federation Council you spoke twice on a most acute problem: The crime rate, corruption, the mafia, the role of the procurator's office, and the MVD [Ministry of Internal

Affairs]. As I recall, you even said, addressing the deputies: "We all engage in self-deception and lead a double game." These are harsh evaluations. What is it that disturbs you in particular, if we speak of crime?

[Tuleyev] We are holding parliamentary hearings. Well, we will speak, we will listen, we will shout a bit, we will adopt laws. But what will change from all this? I have often appealed to the minister of internal affairs and the procurator general, citing blatant cases of corruption in the oblast. It is like talking to thin air. The air did not even move! Any head of administration knows that in every oblast they are aware of all the corrupt dealers, swindlers and bandits. They could take them all in one night, and the next day there would be order in Russia. Yet those who are supposed to do this—do nothing. And so we lie and lie, lie and lie. Why is the struggle not being waged? Why, because the roots of corruption have penetrated into the government itself, into the highest echelons. There has been a very strong merging together of the state apparatus, the administrations of all levels, the Ministry of Internal Affairs, the KGB [secret police] or the MB [Ministry of Security], the procurator's office, and so forth.

And so we, the deputies, are sounding the alarm: There is corruption and bribery, there are mafioso clans in Russia! Yet the president believes otherwise: Everything is normal in the country, we are waging a struggle against corruption, and he awards Russia's highest honor to the minister of internal affairs. Well, where is this done? I would understand if Yerin had become a Hero of Russia for a heroic struggle against the mafia. But he distinguished himself by shooting defenseless people in the House of Soviets!

Yeltsin, Shumeyko and Gaydar say that now we are creating a class of property owners in Russia. We are creating it. Moreover, by high-speed methods and on a criminal basis. I stated openly at the Federation Council: Yerin is forced to keep quiet, because if he springs up, he will be removed.

We are men of law, but our laws do not work, our edicts do not work. If a person wants to act in accordance with the law, he is killed. I will not recall the renowned Moscow terrorist actions of recent days, but all this is "flourishing" also in the provinces. Murder for hire is becoming the norm of our abnormal existence. The commercial director of the Kuznetsk Metallurgical Combine, carrying out the will of the government, shipped orders where they were supposed to be shipped—to the government. Well, and what happened? They shot him along with his wife, riddled him with bullet holes like a dog. The laws are not being carried out. Everything is dictated by the mafia. If you do not fulfill the order of the mafia, that is the end of you. And every manager, every head of administration, lives in fear.

For me this is a most basic question: The entire tragedy lies in the fact that the laws do not work, and the first violator is the President of Russia himself. If only he

were to set the example of a respectful attitude toward the law and the constitution by saying: "Here is the law. It may not be perfect, but it must be fulfilled!" After all, why do you think I spoke out in support of Kazannik? To speak honestly, I must say that my attitude toward him has always been negative, but in the amnesty situation Kazannik acted courageously. He was the first person to stand up in defense of the law. The first person who said a firm "no" to telephone law. Enough of violating the law! That is why I supported him.

And to the acting procurator general, Aleksey Nikolayevich Ilyushenko, I said directly: You should not try to become procurator general. The people will not believe you anyway. Moreover, we must remove Minister Yerin for the lawlessness in the country, and announce early presidential elections. If we do not do this, nothing will change. We can adopt a hundred wonderful laws, but the first ones to violate them will be the president, the MVD, the procurator, and so forth... As long as these people are in power, we, unfortunately, will not be able to accomplish anything.

I am glad that all the deputies in our oblast Legislative Assembly are professionally trained people, some of whom are former chairmen of soviets, and that all have a fervent desire to work. Now we will begin to strike at corruption. We have made a number of inquiries, and based on the results we will publish a list of corrupt bureaucrats and will demand their resignation, especially in the upper echelons of Russian power. As for Moscow, I would like to emphasize once again: One way or the other, early presidential elections cannot be avoided. The sooner we re-elect the president and the government, the better it will be both for them, and for Russia, and for the cause.

[Correspondent] You said that the Kuzbass has reached its final limits. But do you realize what has to be done in order to stop the slippage into the abyss?

[Tuleyev] I would propose a minimum program of urgent measures in the economy and in the social sphere: To begin the management of the economy by methods which have been tested in world practice and in our country in past decades; to use indicative economic planning (instead of the directive form used in Soviet times), which is widely used in many countries of the world and in major corporations; to return validity to various forms of the state order, with precise adherence to responsibilities on the part of the state; to return to the compilation of national economic balances and economic balances by regions, with the application of market levers of their realization; to change over to the regulation of prices and incomes, and to immediately review the tax benefits granted to producers of goods and services...

These are but a few points. Altogether there are 14 of them, first priority and immediate tasks. I will not list all of them. I have insisted and will continue to insist on the immediate indexation of wages, pensions, stipends and

subsidies, based on the rates of inflation. We must stop the continued impoverishment of the population. Having toured the entire oblast in recent weeks, I was simply appalled by the crying poverty of the people. In the Kuzbass today, one-third of the population is poverty-stricken. One in every four families either never sees meat, or can afford it only once a month. And all this is on the background of the furious rates of accumulation of wealth by 5-7 percent of the population of Kemerovo Oblast. I will never reconcile myself to this. At every meeting with the voters—in the mining and other collectives—I spoke about my social program, and everywhere they understood and supported me. This is dear to me. It is my faith in the people and their support that gives me the strength to live and to fight.

Trial of White House Defender Starts

944F0624D Moscow SOVETSKAYA ROSSIYA in Russian
19 Apr 94 p 3

[Article by Sergey Turchenko: "I Did Not Betray My Oath"]

[Text] On the day the trial began, Senior Lieutenant Igor Menshikov turned 25 years old. But how much more mature were his position and his judgement than those of the commanders and leaders who testified as witnesses at the proceedings!

"For what purpose did you go to the 'White House' on 26 September 1993?", the military judge, justice Major S. Nechayev, asked the young officer.

"I was defending the constitution and carrying out the order of the lawful authorities there," was the answer.

There are not many officers and generals in the Russian Armed Forces today who have the right and honor to say such words, which are so simple and natural for a defender of the Homeland. Today, some even express condemnation addressed at those who did not betray their oath.

"I warned Menshikov that to go there was an expression of lack of discipline," the temporary acting commander of the sub-unit, Lieutenant-Colonel Medvedev, complained to the court.

The unit's assistant personnel commander, Lieutenant-Colonel Gerasimov, was no less "principled" in his court appraisal of Igor Menshikov's actions.

"What kind of evaluation can there be," mused the trainer of the military servicemen, "if Menshikov had to be on duty during one of the days when he was at the House of Soviets? Another officer had to take his place. Yet this officer had some personal plans, family responsibilities..."

Who is this Igor Menshikov, and what has he done?

We spoke with him at length during the recess between court sessions and, honestly speaking, I was filled with

pride at the fact that there are such young officers in the army, who could set an example of civic courage and high moral character for many of their senior comrades.

By birth, Igor is from the Kazakh city of Aksay. His father is a senior lieutenant in the militia. His mother is a building engineer. In the summer of 1991, Menshikov graduated from the Leningrad Higher Military Engineering School of Communications and was assigned to the position of communications center engineer with the General Staff. Such an appointment without patronage means only one thing: Igor had distinguished himself as a model student. And the young officer had managed to show his best side also in his new assignment. In two years, there were four recommendations for exemplary fulfillment of his service responsibilities entered in his service record.

Despite Igor's youth, he had a large and strong family, by today's standards: His wife Olga, a real friend in combat, and his two daughters, whom their father doted upon. Perhaps his love for them and his concern for their future largely facilitated the fact that, in spite of the hypocritical appeals by Grachev to the officers to stay out of politics, Senior Lieutenant Menshikov could not be satisfied with the "kitchen" struggle against the destruction of the state and the pilferage of the country.

"For a long time, I sought my place in the ranks of the defenders of the Homeland," said Igor in his conversation with me. "I read about the Union of Officers in SOVETSKAYA ROSSIYA and DEN. I went to the headquarters of this organization, familiarized myself with its program documents, and understood: This is for me, both in spirit and from a professional point of view."

"In September of 1993 you went to the House of Soviets as a member of this organization?"

"Yes. But not only that. Even if I had not been a member of it, I would have done the same thing. After all, only someone who really did not want to know could fail to realize that the fate of the constitution, the fate of Soviet statehood, and the future of the simple people were being decided there."

The unit in which Igor served was stationed in Podmoskovye. From an informational point of view it, as perhaps all the military sub-units, were blocked. Therefore, at first it was difficult to understand what was really going on in Moscow. On 26 September, after being relieved from his watch, Igor left for the White House. He thought it would be for a day or two, but as it turned out, everything was immeasurably more complicated. Together with the members of the Union of Officers, he kept watch inside the House of Soviets and outside.

...The officer was detained by a group of OMON [special purpose militia detachment] militiamen and, without presentation of any accusations, taken to the 11th Militia Section.

Then there were lengthy investigations. Finally, they came for Menshikov from his unit and took him back there. The leadership reported "to the top" about what happened and filed formal proceedings "for unwarranted absence from the garrison." Everything would have ended there, had it not been for the post-October purge in the Armed Forces. Menshikov, like the other officers who remained true to their oath, was dismissed from the Armed Forces by the Arbat generals.

The formulation of the order, signed by the chief of the General Headquarters, sounds cynically frank: "Dismissed... for incompatibility of moral-psychological qualities." Yeltsin's "striped uniforms" went and decided for the people that they do not need defenders of the Homeland who are faithful to their oath.

It is true that at the judicial proceedings on Igor Menshikov's claim against the Ministry of Defense for unlawful dismissal, the representatives of the defendant are trying to turn everything upside down. They are trying to present the young officer as a violator of discipline, and those who hid behind women's skirts in September-October of last year—as defenders of the Homeland who are true to their oath.

Without mentioning the moral aspect of the question, which is ultimately clear, the juridical aspect is also synonymous. The oath obligates the military serviceman to defend the constitution and the constitutional organs of power. Article 121-6 of the Constitution in the edition adopted on 12 December 1992 reads: "The powers and authorities of the President of the Russian Federation may not be used for changing the national-state arrangement of the Russian Federation, for disbanding or stopping the activity of any lawfully elected organs of state power of the Russian Federation, otherwise they are terminated immediately."

Senior Lieutenant Menshikov was able to understand all this back in September of last year. The representatives of the defendant pretend that they still do not understand this to the present day. The judicial process is not yet concluded. We hope that the court does not slip from the letter of the law onto the curve of anti-popular policy.

Duma Views Corruption Charges

944F0624E Moscow SOVETSKAYA ROSSIYA in Russian
21 Apr 94 p 1

[Article by Sergey Turchenko: "Revenge of the Embezzlers; The 'Filippov Case' at the Parliamentary Hearings"]

[Text] On 19 April, the State Duma Committee on Security under the chairmanship of Viktor Ilyukhin held parliamentary hearings, "On Cases of Gross Violation of the Tax and Labor Legislation Allowed by Officials of St. Petersburg and Russia." The investigation was triggered by the appeal of the former chief of the state tax service in St. Petersburg, Dmitriy Filippov, to the chairman of the State Duma.

The Committee on Security performed a preliminary investigation of the questions raised in the appeal, and presented for review a packet of documents testifying to the fact that a number of state officials are inflicting tremendous loss upon the economic security of Russia, and counteracting the receipt of considerable ruble and currency revenues by the federal and state budgets. The St. Petersburg State Tax Service, which was headed by Dmitriy Filippov up until 9 October 1993, uncovered these facts. This seriously affected the interests of commercial structures, joint enterprises and the state property fund, which had been concealing huge profits from taxation, directing them not their intended purpose but in the interests of enriching private individuals and foreign states. Under their pressure, Filippov was dismissed from his duties on 9 October 1993.

As evident from the report prepared for the hearings by the Committee on Security, Filippov's dismissal was facilitated by Mayor A. Sobchak, RF Goskomimushchestvo [Russian Federation Committee on State Property] Chairman A. Chubays, former Acting Prime Minister Ye. Gaydar, former RF Minister of Finance B. Fedorov, and the chief of the Russian State Tax Service, V. Gusev.

Members of the Committee on Security, Viktor Mironov, Aleksey Sarychev, Vladimir Baryshev (all representatives of "Russia's Choice") immediately made efforts to undermine the parliamentary hearings, citing various excuses. Their desire to narrow the problem to an elementary labor conflict whose review, they said, was not within the competency of the Committee on Security, did not find support among the overwhelming majority of the deputies.

Both sides of the so-called "labor conflict" were presented at the parliamentary hearings. Unfortunately, the representatives of the St. Petersburg procurator's office which, according to the facts uncovered by Filippov, had instituted the criminal case, were unable to be present at these hearings.

"It all began," Dmitriy Filippov told the deputies, "as soon as our service undertook a serious investigation of the joint enterprises. Our hair stood up on end! As it turns out, many of them are created primarily through Russian currency credits, using our cheap work force. But the products are shipped abroad, leaving the currency profits in foreign banks and not even paying tax to Russia. This is double and triple robbery of the state. The Russian-Swiss enterprise 'Europa-Hotel' 'bilked' our budget out of \$24 million. The Russian-Finnish enterprise 'Lenraumamebel' shipped 90 percent of its finished product for sale in Finland, where the money earned was used in the interests of the Finnish economy. And there are many such examples in the documents which were submitted. Our service was able to return part of the dollars. But then the pressure started from the mayoralty and the government. They said we were hindering the investment of foreign capital. But tell us, please, where are the investments?"

"There was even greater pressure exerted by the power structures when we undertook an investigation of the property fund. It became apparent that a large part of the money obtained from privatization does not go to the budget, but is used in the circulation of commercial banks for preferential 2-percent credit. In other words, here too there is a gigantic rip-off of the state and stuffing of the pockets of businessmen, who are protected by state bureaucrats. As soon as they sensed a threat to themselves, they dismissed me from my duties on 9 October of last year. In the words of the deputy chief of the State Tax Service, the reason for my dismissal was a letter from Sobchak and pressure from Gaydar. In his conversation with me, Sobchak did not hide the fact that he had sent such a letter because, he said, there had been great pressure exerted on him from the government of Russia, and Chubays played the most active role in this."

"The capital's Sverdlovsk Rayon Court reinstated me to my position. But then a directive from Chernomyrdin appeared, regarding the elevation of its status to the level of deputy chief of the RF State Tax Service. Appointed to this position was a specialist in... agriculture. I was once again dismissed due to staff cut-backs, even though there were no cut-backs. I again filed a claim with the Sverdlovsk Rayon Court, where a hearing will be held on this case on 26 April."

The chairman gave the floor to the chief of the RF State Tax Service, V. Gusev. He spoke at length about the general problems of the department, but did not have the courage to approach the question of the "Petersburg conflict." Only the specific questions of the deputies forced him to do so.

"On what grounds did you dismiss Filippov in October of 1993?"

"The court reviewed this question and rescinded my order. I have nothing to add to the court's decision."

"Was there pressure exerted upon you?"

"I do not recall such a thing..."

"What was the reason for Filippov's second dismissal?"

"On 26 April there will be a trial on this matter. It will clarify everything."

"But can you explain the motive for your second order?"

"The trial will be held on 26 April, and this will be clarified at that time."

That is the level of explanations given by the official...

The members of the committee, who carefully studied tens of documents on the question under review, were for the most part synonymous in their opinion. Stanislav Govorukhin spoke bitterly of the fact that the Petersburg "Russia's Choice" reflected, like the world in a drop of water, the entire grave criminal situation in which Russia finds itself. Under the guise of investments and all kinds of privatizations, it is being plundered on an unprecedented scale. And, if there are not enough people in the Duma willing to oppose this, then the imminent collapse of the state is inevitable.

No less bitterness resounded in the words of Yuriy Vlasov as he spoke about that most outrageous situation which has arisen in the state mechanism of Russia: He who steals or helps to plunder the country gets respect and a position, while he who courageously stands up in defense of state interests is cast aside by the system. If the Duma is unable to defend Filippov, he stressed, then there can be no discussion of its capacity to stop the plunder of the country.

The previously mentioned representatives of "Russia's Choice" once again tried to obstruct the parliamentary hearings. They called for the committee not to make any decision, to wait for the trial, or at least to create a parliamentary commission. However, the decree was adopted by an overwhelming majority of votes. It contains a proposal to the head of the RF government for immediate reinstatement of Dmitriy Filippov to his duties. It recommends that, in the first half of 1994, the Russian State Tax Service conduct an investigation into the activities of Goskomimushchestvo. A packet of documents on cases of gross violation of the tax and labor legislation will be forwarded to the procurator general for resolution of the question of bringing the guilty parties to responsibility. It was decided that the problems raised at the parliamentary hearing should be brought to the plenary meeting of the State Duma.

Duma Reviews Corruption in St Petersburg

944F0611B Moscow PRAVDA in Russian 21 Apr 94 pp 1, 4

[Article by Aleksandr Golovenko: "Foreign Currency Etude, or How Foreign Consuls and Ambassadors Took Revenge Against Our Auditor With the Aid of Government Officials"]

[Text] Perhaps I am mistaken, but it seems to me that no event in the State Duma since the declaration of political amnesty has been as socially significant for Russia as Tuesday's parliamentary hearings before the Committee on Security. On the surface, the agenda looked more trivial than intriguing: "Incidents of the Flagrant Violation of Tax and Labor Laws by Officials of St. Petersburg and Russia." On the surface, it seemed as though this would lead to the same kind of banal arguments that were once heard in the USSR Committee of People's Control. Just imagine, the chief of the tax inspectorate was dismissed, reinstated by a court, and then driven out

of office again. Is this kind of labor dispute a matter for discussion by the Committee on Security?

In fact, questions of this kind were the "warm-up exercises" of a group of committee members: Must we, they asked, become involved in this? Would it not be better to send the files to judicial agencies? And why did some of us receive the information late? Would it not be better to form a commission to review all of this?

Committee Chairman V. Ilyukhin, who also chaired the hearings, dismissed the unfounded complaints and called for constructive work. We journalists and the members of the committee were handed a thick pile of documents providing an excellent illustration of the criminal history of the discussion topic. Incidentally, PRAVDA reported it in an article entitled "Why Is Filippov in Charge?" on 14 December last year. Now some new facts of the case have come to light.

Dmitriy Nikolayevich Filippov is one of the administrators whom the so-called "democrats" described with what they perceived as the offensive term "party nomenklatura." Suffice it to say that he was sent by the Komsomol Central Committee to head the BAM [Baykal-Amur Trunk Line Project] staff and was serving as secretary of the Leningrad Party Obkom in charge of industrial affairs in August 1991 before the overthrow of the CPSU. During the years of "reform" he put together a tax inspectorate in Leningrad literally from scratch—an absolutely new and unfamiliar undertaking. He repeatedly said that this structure was completely depoliticized: All forms of ownership, he said, are the same to us. The important thing is the observance of the laws and the payment of taxes. The press has had enough to say about the concealment of income by cooperative managers—the former "saviors of the economy." They had planned to use the same little tricks when they turned their shops into small businesses, private enterprises, and joint ventures, but how were they to conceal dividends from Filippov and his people, who were well aware of the potential of each large and small plant in the city? Filippov also set up a tax police force to investigate cases of unreported income and went after the street vendors who had no intention of complying with all of the edicts and decrees mandating the use of control cash registers. Soon people from dozens of oblasts were coming to him for advice. After all, this was something absolutely new! Even Mayor A. Sobchak held him up as an example, once saying approximately the following when he addressed the team of inspectors: "The State Tax Inspectorate for St. Petersburg took shape quickly, and it is largely due to this that we do not have a budget deficit, and have even been able to do a great deal for people in the social sphere."

This "great deal" consisted in subsidies for bread, benefits for low-income households, free breakfasts for schoolchildren, free transportation for senior citizens, and so forth. This actually turned out to be the key: By going after the businessmen who did not report their income and did not pay taxes, Filippov's service had

supplemented the municipal and republic budgets considerably, but it soon became apparent that he was serving not the regime, but the teachers, health care personnel, students, and staffers of scientific establishments whose wages had always been held up by the government, forcing them to go on strike. Filippov had put together a team of competent and experienced inspectors, some of whom were rumored to have come from the KGB.

All of the inspections, voluminous documents, fines, and penalties understandably irritated the schemers who had established so many enterprises, commercial structures, and private shops. The city's chief financial inspector began receiving calls from the mayor's office, advising him to "stop digging so deep." Here are just a few of the incidents he related to the committee:

"When we went after a sacred cow, the Property Fund, we were absolutely stunned by the scales of the fraud we uncovered. Inspections revealed undistributed (in other words, concealed—Ed.) resources in the amount of 6.623 billion rubles. Of course, we charged them a penalty of almost 400 million and a fine of 10 percent of the unpaid amount. You can understand why they were annoyed. We also learned that 44,000 vouchers were inexplicably missing in this privatized establishment and that Fund Deputy General Director Fishkov had been arrested for a discrepancy of 134 million rubles in privatization checks....

"We also learned that the fund had privatized whole city blocks and port facilities in violation of the law, but the biggest surprise came later: The fund did not transfer all of its receipts to the proper account, but allowed commercial banks 'to make use of its money' at a ridiculously low rate of interest—a whole 2 percent!

"We are not children, after all," Dmitriy Nikolayevich told the deputies, "and we have to understand that commercial agents are not being offered these unimaginable privileges just for their good looks."

A genuine storm broke out when D. Filippov formed a special group to inspect the joint ventures. After all, he managed to go where most inspectors would not venture. And just imagine, the very first audit of the Europa Hotel revealed an amazing panorama of theft. This joint venture preferred to keep its dividends in Stockholm, naturally without contributing a single cent to our budget. The financial inspector fined the Swedes 5 million dollars, but as Dmitriy Nikolayevich put it, "it will take much more effort to force them to return the 25 million dollars that are working for the Swedish economy."

The auditors also ruffled the feathers of "Lenraumabel," the joint venture so dear to A. Sobchak's heart. This respected establishment was manufacturing furniture with cheap energy and manpower, from raw materials that were so inexpensive they were almost free, and selling 90 percent of it for hard currency abroad. The currency was then put in circulation there, promoting the "rebirth of Finland."

"When we ordered the Finns to return the hard currency and pay the taxes," Filippov continued, "they sent a whole team of ambassadors and consuls after me. They accused me of trying to 'sabotage Yeltsin's policy.' I replied that I was supporting his policy by forcing them to abide by his edicts and our laws."

I saw the journalists sitting around me exchange looks when the speaker added another detail to his account: The ambassadors and consuls insinuated that he had a choice of officials who would order him to leave their joint venture in peace. Did he want a call from Sobchak or from a member of the Russian Government?

The call came soon.... On 11 October, after the well-known tragic events (which were immediately recalled by the people gathered there), Russia's Chief State Tax Inspector V. Gusev dismissed D. Filippov from his job without any explanation. Filippov was not intimidated and was soon reinstated by the Sverdlovskiy Rayon People's Court in Moscow. This was followed by a bureaucratic ruse we used to hear about in the days of the reprisals against undesirable people's controllers and other auditors: On 3 November the position occupied by D. Filippov in St. Petersburg was eliminated by order of V. Chernomyrdin himself. His duties were reassigned to another individual, who was given the title of deputy chief of the Russian State Tax Service. Who was this individual?

We were told that he was a livestock breeder, a former sovkhoz director who later worked on the mayor's staff. Then the effusive Deputy A. Nevzorov addressed V. Gusev:

"You removed a first-rate specialist from office, saying he was remiss in his duties. He probably has no equal in all of Mother Russia, and you replaced him with a man with no experience in auditing tax records or catching swindlers."

The chief tax inspector turned red in the face and did not know how to respond to the subsequent barrage of questions. How had D. Filippov, whom he had praised earlier and held up as an example, suddenly become "unsatisfactory"? Who had made the phone call from the Council of Ministers to order his dismissal? If he was guilty of some kind of "negligence," then why did the order for his dismissal state "staff reduction" as the reason?

In a message to State Duma Chairman I. Rybkin, the dismissed financial inspector named some specific reasons for his expulsion: "According to Deputy Chief Yu.M. Ulyanov of the Russian State Tax Service, the reasons were a letter from Mayor A.A. Sobchak of St. Petersburg and the pressure exerted by First Vice Premier Ye.T. Gaydar"....

I could also cite an extremely intriguing excerpt from the report proposed by committee members and journalists. It says that A. Sobchak, A. Chubays, Ye. Gaydar, and

former Minister of Finance V. Fedorov were involved in the "unwarranted" dismissal of V. Filippov from his job.

This is the kind of leverage the offended ambassadors and consuls used to get rid of a financial inspector who was too intractable and too incorruptible! Chubays, Gaydar, and Fedorov did not grace the committee session with their presence, although they were invited to attend, and could not explain the "grounds for the dismissal."

Representatives of the counterintelligence services, the Security Council, the tax police, and the RF Procuracy and deputies S. Govorukhin, Yu. Vlasov, A. Nevzorov, N. Krivelskaya, and other speakers discussed the widespread misappropriation of the country's natural resources and foreign currency and the colossal sums that have settled in foreign banks. Just as the chemical composition of the ocean can be judged from a single drop of water, speakers remarked, the plundering of Russia can be judged from this single case. And the most frightening aspect of the matter is that the incorruptible and highly professional specialist was objectionable to government officials. Then whom are they serving? This leads to the obvious conclusion that we are no longer the masters of our own country, now that a principled employee acting in the interest of his country can be dismissed from his job simply at the request of a foreign consul or ambassador.

Summing up the debate, Committee Chairman Viktor Ilyukhin had this to say: There is money in Russia. There is enough money for the miners, the students, and the teachers. But this money is being rerouted to commercial entities through artificial channels. What we are witnessing is the deliberate destruction of the state: Mutual nonpayments cause millions of people to suffer and stop the work of plants and factories. Much of the blame has to be accepted by the government, which, as we have seen, has little interest in supplementing the state treasury.

Zorkin on Political 'Myths'

*944F0611E Moscow LITERATURNAYA ROSSIYA
in Russian No 14, 8 Apr 94 pp 4-5*

[Article by Valeriy Zorkin: "Farewell to Myths"]

[Text] This vast nation is suffocating in the grip of a severe crisis. Millions of people are living in an epidemic and humiliating state of poverty after being robbed so ruthlessly by the "radical reformers" for the sake of yet another "bright future." Science is dying, and centuries-old spiritual traditions are being stifled by the pressure of the vulgar mass culture. The Russian people, who spent a thousand years building the greatest state in the world, have been separated by absurd boundaries and have regressed 400 years in their geopolitical development. The democratic values that are essential to healthy and civilized development in today's world have been distorted and deliberately discredited in the public mind. Industry is being ruined, and the unique Russian

national economic complex, which was built by the heroic labor of several generations, is deteriorating. The society is on the verge of a social eruption. These are the pitiful results of the irresponsible and undemocratic policy line the ruling regime was pursuing when it managed to ruin one of the wealthiest countries and destroy its powerful state in just two years.

"Our life has become unbelievably morbid, senseless, and false, all order has disappeared, there is no consistency in our development, and all of our mental, emotional, and moral discipline has grown weak. An immense set of lies, permeating all of our relationships, has accumulated in our society and has contaminated the very air that we breathe, the surroundings in which we move and act, the ideas directing our actions, and the words with which we express our thoughts. In the midst of all these lies, what can we expect but a puny existence and puny acts? Our very ideas about life and its purpose are false, our relationships are confused, and our life is devoid of the consistency that is necessary for peaceful development and normal activity."

These are the words of one of the most prominent conservative Russian thinkers of the 19th century, Chief Procurator of the Holy Synod Konstantin Petrovich Pobedonostsev. Although he said these words just before the terrible revolutionary outburst many decades ago, they are just as relevant today, which forces us to realize that the ulcers of hypocrisy, cynical deception, and malicious lies, the infinite egotism, greed, and thirst for power that are tormenting us have reached such a frightening point of crisis that the ominous question—"Is Russia to be or not to be?"—has become a terrifying reality of our daily social, governmental, and political life!

Between 'Those' and 'These'

In the last few years, for several reasons, primarily my position as chairman of the Constitutional Court, I had the broadest opportunities to observe the development of events up close—or "from within," so to speak—because I received detailed reports on the state of the country and the processes occurring in the upper echelons of government. Because I was fully aware of the dangerous tendencies that were becoming more and more distinct on the Russian political stage with the passage of time, I tried—to the best of my ability—to keep our ship of state far from the whirlpools of the political adventurism that was threatening (and is still threatening) Russia with the chaos of turmoil and deterioration, the tragedy of governmental collapse, and the horrors of fratricide.

Whenever I could, I refrained from intervening in political arguments and the struggle for power by Moscow "court" groups and clans. No conscientious critic could accuse me of any affiliation with "those" or "these": I was equally repelled by the greedy corruption of the most odious members of the president's team and by the obsessive and maniacal efforts of some of the "people's

representatives" to conquer Russia's political Olympus at any cost. No one wanted to call attention to the constantly growing wave of irreconcilable differences between the "branches" of government. The results are well-known: The massacre in the center of Moscow, which cost the lives of hundreds of people—a crime that was monstrously cynical and senseless, because it is absolutely clear today that this did not solve a single one of Russia's acute problems. On the contrary, the tight bloody knot of fatal confrontations in "Black October" compounded the already critical state of the country.

God knows that I did everything within my power to prevent the conflict and reconcile the opposing sides. This is probably why I was not trusted completely by either side, which was manifested in a particularly malicious and distinct manner when the "victors" decided in the hour of their triumph to get even with the "inconvenient" witness to their unprincipled and unethical actions.

Nevertheless, I did not betray my own convictions. I am still categorically opposed to political extremism in any form, regardless of its origin, regardless of the demagogic clothing it wears as a disguise, and regardless of the high ideals and noble goals it uses to conceal its own contempt for the law and the standards of common human decency. I still believe that unless we restrain the opportunists and political plotters who are willing to involve the public in fratricidal conflicts for the sake of their own excessive ambition, until we curb the excesses of arbitrary behavior within the strong confines of legality and legal stability, we will not move a single step forward in the revitalization of our long-suffering Motherland. I still believe that national reconciliation and civic accord are not topics for populist speculation, but absolutely essential conditions for Russia's survival.

Nevertheless, I do have some regrets, something to repent, and some serious lessons to learn. Sometimes I was too naive and indecisive, too trusting and too inclined to agree to compromises that had not been subjected to sufficient analysis and consideration. The burden of power is a heavy load to carry, and I frankly admit that, looking back, I cannot say that I was completely prepared to do this. Sometimes I overestimated my own ability to influence events, and sometimes I underestimated the danger of the situation and the growing strength of destructive processes in the country. I never, however, lost my conviction that we have a single motherland, that gambling with its future for the sake of personal advantage is criminal and base, that we are one people, one family with a common history and future, and that no one but us can revive Great Russia.

Today I feel sick and ashamed when I see what we have done to the country and to each other. It is immoral and impermissible to remain silent, hiding behind the official pretext of "nonintervention in political affairs," when you are watching your country die under the strain of hatred, enmity, political intrigues, and cynicism.

The Big Lie of Our Era

Pablo Picasso once made the following remark in an attempt to underscore the value of art and his ability to create "autonomous" worlds, parallels to the real world: "I draw what I see with my mind, and not with my eyes." Today it appears that some politicians want to use this artistic method of creating "parallel realities" within the framework of social technology to turn our sick society into a "zombie."

Any independent and unbiased analyst can see that the current political regime is resting on a lie. Today, after its crushing defeat in the elections to the State Duma proved that people knew that its earlier policies were leading us into a blind alley, we are witnessing something amazing: The regime is changing like a chameleon, adapting itself to the changes in the society. This has been accompanied by its persistent, constant, and deliberate attempts to plant several myths in the public mind to help it keep the situation under its own control and continue its manipulation of public opinion.

Here are just a few of the most significant of these myths:

- The myth that the present leaders of the country endorse the values of the contemporary civilized society (democracy, the rule-of-law state, the market economy, the separation of powers, human rights, and so forth).
- The myth that the "totalitarian," "communist" past has been surmounted in the political, social, and governmental life of present-day Russia.
- The myth of the irreproachable legitimacy of existing government institutions based on the "nationwide" mandate of confidence in the president and the Constitution (which is directly related to the myth of the supra-class nature of the present regime, whose members come from all social strata).
- The myth of its contribution to the end of the "cold war" and ability to guarantee Russia a fitting place in the system of international relations on the basis of partnership with the leading nations of the world.
- The myth that the regime is devoted to the national-state interests of our country and that it is evolving in the direction of "enlightened patriotism" and "national construction."

Let us take a look at all of these in the proper sequence:

The myth of the "civilized," "democratic" nature of the present regime. This is probably the favorite offspring and main concern of the reptilian news media. It was precisely their ruthless exploitation of this myth, their shameless attempts to foist it on public opinion within the country and abroad, that created the "smoke screen" behind which the outrageous political cynicism and monstrous corruption of our ruling elite were safely concealed from outsiders for several years.

Every element of this myth is a shameless lie. When people who routed two parliaments in two years and put their leaders behind bars, first causing the collapse of a great world power and then driving the country to the verge of civil war, talk about democracy and the "separation of powers," it is difficult to see this as anything but a travesty. When the terms "law," "rule-of-law state," and "legitimacy" are used by politicians who literally wiped their feet on one Constitution and immediately composed another (which I am bound to uphold in the performance of my professional duties, just as I upheld the earlier one), enacting it with the approval of only one-fourth of the voters, it is frightening to contemplate what might happen in the future.

How can we listen seriously to the discussions of a genuine market economy in Russia when the behavior of officials is becoming more and more arbitrary, bribes are the only reliable way of solving any problem, domestic industry is dying, peasants will soon have trouble even feeding themselves, and a handful of nouveaux riches, bloated with fraudulent privatization and financial intrigues, are getting richer and richer in a destitute and almost starving nation? How can anyone talk about the preeminence of human rights when the pervasive turmoil has dramatically undermined such fundamental rights as the rights to education, health care, and security for the elderly? I will not even mention the fact that even the right to life in our "civilized" country is frequently meaningless because of the unprecedented rise in the rate of crime and racketeering. As far as political rights are concerned, the last year and a half clearly demonstrated the value of the widely publicized declarations of their immutability—the "Lefortovo inmates," the editors of opposition newspapers, and the relatives of those who died in defense of the "White House" are the best judges of their value....

The myth of the victory over the totalitarian communist past. This myth and the preceding "democratic" myth are two sides of the same coin, and the anticommunist rhetoric serves two purposes in this case. First of all, it once served as a strong propaganda weapon, securing the rise of the present upper echelon to power on the wave of the constant and intrusive exposures of the horrors of Leninism, Stalinism, and the "era of stagnation." It may be difficult to imagine, but—Horrors!—this loud campaign had nothing in common with genuine concern about the future of the country and about the tragic decades that were full of infinite trials and grief and left indelible scars, which will keep them alive in our memory forever. Human suffering has become nothing more than a bargaining chip in the big political game of the governing bigwigs who were fighting for bureaucratic privileges and Kremlin offices.

Second, the fueling of anticommunist hysteria was supposed to send the West a signal of the new Russian leadership's uncompromising rejection of the expansionist geopolitical practices of the USSR and guarantee

the regime strong international support and the sympathy of the foreign public. In the race for these cherished goals, no one cared that the "baby had been thrown out with the bath water"—that the thoughtless campaign denigrating our recent past had turned into a fiendish dance "on the graves of our fathers" and had hurt the feelings of millions of honest people, was crippling our youth, and was warping the already distorted historical memory of our people.

At the same time, it was clear that the political practices of the regime, in contrast to its propagandistic rhetoric, were still typically Bolshevik practices, distinguished by poorly concealed irritation with "inconvenient" legal standards, the cult of "political expediency," and the open reliance on confrontation and its resolution by force. Today's increasingly severe crisis is largely a direct result of this adventurist Bolshevik mentality, in which class hatred has given way only to a hatred of political opponents, and legal nihilism is still easily justified by "special circumstances" and the "lack of an alternative!"

The myth of the impeccable legitimacy of present government institutions. I must stipulate that because I am still a Constitutional Court justice, I am absolutely loyal to existing legislation in all areas in the performance of my duties, but I can still see the outrageously unsatisfactory state of affairs in this sphere of such great importance in the life of society and the state.

The Russian legal mind has traditionally had a keen and acute reaction to the moral and ethical aspects of an issue. The curious combination of the infinite Russian tolerance and respect for the law with the people's constant suspicion of the legal standards regulating the life of society, which was an enigma to foreign researchers in every century, is due precisely to the willingness to suffer deprivations and make sacrifices "for the sake of justice" on the one hand, and the rejection of legal scholasticism on the other. With a view to these features of our national identity, the Bolsheviks and their successors in the Kremlin today always obscured their political games with a smoke screen of demagogic slogans. The only difference is that the appeals for "the world brotherhood of workers" and "the bright future of social justice" have been replaced by incantations about the desire for the "triumph of freedom and democracy" and the ritualistic verbal offerings to the "ideals of democracy, civilization, and progress."

The problem now is that the confusing reality is so vastly different from the official rhetoric that the regime has lost all credibility and the last vestiges of its earlier authority. This means that *not one of the existing institutions of government is legal in the public mind.* The constant manipulation of the mechanisms of the democratic state with referendums, elections, parties, and the news media and the total contempt for any "rules of play" the authorities displayed during the October crisis did their job: The people understood that "the lords are

fighting again, and the serfs are getting a splitting headache." No law professor or legal scholar can change the people's mind now, because the legal nihilism of the state hopelessly undermined the public belief in its own legitimate roots. Is there any need to discuss the possible implications, especially now that the "class" nature of the regime, as the chief patron of the comprador bourgeoisie, is becoming increasingly evident in a society experiencing rapid social stratification.

The myth of the end of the "cold war" and of friendship with the West. The socialist obsession of the Soviet Union, which made every effort to turn the whole world community into a single "socialist camp," was one of the main reasons for its overexertion and largely predetermined the sad results of 1991. The lower level of global armed confrontation and the end of the "cold war," the effort to move from confrontation and enmity to cooperation and partnership, constitute an indisputably positive development of recent years. All of this is true, but the main thing is that *the present regime had nothing to do with these positive changes.*

As a matter of fact, the most important advances in surmounting the confrontational legacy of the "cold war" were made within the framework of the USSR long before the levers of governmental power fell into the hands of the country's present leaders. The success of those first moves was guaranteed, incidentally, largely by the fact that the Soviet delegations at all of the talks were backed up by the colossal combined strength of the single union superpower. Now the notorious "partnership" is often secured by the submission of the Russian Ministry of Foreign Affairs and by unconcealed disregard for our national-state interests. In essence, a shameful trading session is going on in the sphere of foreign policy, during which the present regime is selling Russia's long-range strategic interests in exchange for immediate political support from abroad.

Furthermore, it is no secret that extremely influential groups in the West are openly striving for the maximum debilitation of Russia, seeing it as their perennial geopolitical rival. That is why it is probably premature to start shouting the news that the era of confrontation is "finally and completely" over, and that the era of boundless peace and exhilarating unanimity has arrived. There should be no doubt that we want to be good neighbors and to cooperate with the leading world powers, but we still have to face the facts: It will be a long and arduous journey to this goal.

Furthermore, the average Russian citizen finds himself wondering with increasing frequency whether we won or lost when we paid for the friendship with the West and the end of the "cold war" with the collapse of the USSR, and received in exchange a "hot" war along almost the whole perimeter of Russia's new borders. Will we be able to hold on to this friendship (which is quite necessary in itself) under the conditions of growing instability and the obvious threat to all Eurasia from the "hot spots" in the post-Soviet

territory? Will the final result of the current regime's foreign policy "achievements" be a new escalation of international tension?

The myth of the "enlightened patriotism" of the Russian leadership. Like a rabbit from a magician's hat, it made its appearance and is growing before the eyes of the "esteemed public," watching in shock as the belligerent cosmopolitans turn into national patriots in the middle of a sentence, and as the political lexicon of the Kremlin's inhabitants acquires more and more exotic phrases like "national interest," "the national traditions of the centuries of Russian history," "the defense of fellow countrymen abroad," and so forth. There has even been a rumor that some members of the president's team are secretly learning how to make speeches about Russian patriotism in the tones of "Pamyat" and "Russian National Unity."

This sad sight looks even more pitiful when we can see clearly that the principal players in the quasi-patriotic performance are the politicians who played a decisive role in the collapse of the USSR, abandoning 25 million Russians to the mercy of fate when these were suddenly living "across the border" without their consent, and who scattered handfuls of "sovereignties" within Russia itself. But the most unpleasant thing is that all of this commotion actually has nothing to do with Russia's true and genuine interests.

These interests consist primarily in the complete and final cessation of the exhausting domestic political confrontations, which could lead to new outbreaks of violence, the restoration of the single integrated economy of the post-Soviet territory in accordance with actual conditions, the reconstitution of the dismembered body of the Russian people, and the reinstatement of the thousand-year-old Russian state as a responsible and predictable member of the international community and a major guarantor of geopolitical equilibrium on the planet. It is important to realize that the objective progression of events is moving in this direction, and that anyone who dares to ignore this will soon be swept off the political stage.

What should we do? How should we begin releasing ourselves from the obtrusive and harmful myths in which Russia has become entangled, distorting the truth, misleading the public, and delaying the recovery of our national identity? Should we look at our own history?

"However colossal the power of the state might be," Pobedonostsev warned at the beginning of the century, "it rests on nothing other than the unity of the spiritual consciousness of the people and the government, on the trust of the people. Power begins to be undermined when this consciousness based on trust starts to split into two separate entities." Today no one trusts anyone in Russia. The government exists on its own, and the people exist on their own. That is why we should start by using all of the democratic institutions and mechanisms of government remaining at our disposal and find ways of uniting the

public, restoring mutual trust, and resolutely ridding ourselves of those who will interfere with the normalization of the situation.

We are not entitled to any more mistakes. Russia has reached its limit for social cataclysms. The continuation of irresponsible experimentation will be fatal for the country. We have had enough of destruction, and now it is finally time to start creating!

Barkashov Interviewed

944F0632A Moscow MOSKOVSKIY KOMSOMOLETS
in Russian 5 Apr 94 p 7

[Interview with Russian National Unity leader Aleksandr Barkashov by MOSKOVSKIY KOMSOMOLETS correspondent Aleksandr Khinshteyn; place and date not given: "Humanist in a Black Shirt: Corporal Barkashov Promises Ascent to Power in Two Years"]

[Text] RNE [Russian National Unity] leader Aleksandr Barkashov agreed to give an interview to MOSKOVSKIY KOMSOMOLETS—a newspaper very much disliked by him—with great reluctance. And at the start of our interview in his huge apartment on Vavilov Street he warned me, as he put his crutches aside, that I should be totally objective so that all of us, biased journalists, will not regret it later when our heads may get cracked together. Two quite impressive-looking guys, who opened the door for me and then stayed on duty in the "foyer," were the best proof that there will be no shortage of those capable of cracking others' heads together.

[Khinshteyn] Is it true that you escaped the White House through underground passages?

[Barkashov] No, I came out together with enforcement ministers—Barannikov, Dunayev, and Achalov. They were the first to leave, while many others, including Rutskoy, were afraid to come out at all and did not believe the guarantees given by Alpha. As we were coming out, however, an Alpha officer separated the enforcement ministers from the rest, saying that there was an order to detain them. Naturally this alarmed us, and I expressed a desire to be arrested together with them. I showed my passport and said that I was a member of Achalov's staff. But the officer said that he did not have an order to this effect.

[Khinshteyn] How many of your people died?

[Barkashov] Two, and 11 were wounded. As we were coming out of the White House they somehow got separated from our chain and ended up brutally murdered. Their noses and ears were cut off, fingers torn apart. (Nothing of this kind is mentioned in the forensic report I have seen.—A.Kh.) The "democrats" did this out of fear. They thought of themselves as heroes, Rambos, and here they are running scared shitless.

[Khinshteyn] Did you hide at bases and safehouses after the October events?

[Barkashov] Partly. There were several safe apartments where we lived, because literally in a week I learned that I was on an all-Russia fugitive list. I also knew through my own channels in the MVD [Ministry of Internal Affairs] that there was an advisement not to take live prisoners during the arrest of several persons, including myself.

[Khinshteyn] How did the assassination attempt on you occur?

[Barkashov] It was late night and I was walking along the road to Krasnogorsk; I heard the sound of a car in the distance. They approached from behind. I did not hear the shots, but felt the pain right away. I flagged a passing vehicle. Just in case, I let the first one pass me, and then the second—not a passenger car—took me to a hospital.

[Khinshteyn] Was this an action of our special services? Would it have not been easier for them, though, to kill you?

[Barkashov] Undoubtedly, it was the special services. Perhaps it would have been easier to shoot me to death, but things do not always come out the way one wants. Also, they may have thought that I was armed, too.

[Khinshteyn] How did it come out that it was you in the hospital?

[Barkashov] I do not know. I checked in there under a different name, but suddenly general procuracy officers showed up and suggested that I move to the MVD hospital. Moreover, they said that they did not have a warrant for my arrest. Despite my protestations, however, I was transferred there under heavy guard.

[Khinshteyn] Is it true that the RNE maintains ties with the KGB-FCS [Federal Counterintelligence Service]?

[Barkashov] Not true. Only a movement that does not have its own ideology and strategic goals can be controlled. It can be manipulated. The RNE has a clearly enunciated program and defined ideas.

[Khinshteyn] Do you have people working for special services?

[Barkashov] In the RNE—no; around it—without a doubt, mainly from the Main Protection Directorate. It is impossible for an agent to hide his intentions for long. People who come to the party resonate with it in their soul. The soul—do you understand? One cannot resonate artificially.

[Khinshteyn] Do your guys conduct intelligence work?

[Barkashov] We have to collect information in opposing movements. Those whom we suspect of extremism with respect to the Russian people and the Russian nationalist movement, in order to protect ourselves and be ready for whatever comes. For instance, I consider Beytar such an organization.

[Khinshteyn] How many members are there in the RNE?

[Barkashov] In Moscow—1,500; across Russia—about 15,000. This is just the confederates.

[Khinshteyn] God forbid, you come to power. Will there be pogroms?

[Barkashov] What nonsense. Serious people always start with important things.

[Khinshteyn] You mean pogroms are unimportant?

[Barkashov] Nonsense. Are we going after anybody now? We do not even bother MOSKOVSKIY KOMSOMOLETS, and never will.

[Khinshteyn] Will you let people emigrate? Yeltsin, for instance?

[Barkashov] If people disagree with our policy, they will be free to leave. But if they have committed crimes, they must be tried. In any case, this applies to the current government. Their activities will have to be investigated.

[Khinshteyn] And when will this happen?

[Barkashov] In a year, a year and a half. Definitely within two years. Time works in our favor. We will build an objective opinion, will get the support of the majority of the population, and will absolutely legitimately come to power. When I was in prison I was asked to run in absentia in four non-Moscow districts, and I am 98 percent certain that I would have won. What for, though?

[Khinshteyn] I see you have a volume of Hitler on the bookshelf. Do you like him?

[Barkashov] And why do you not notice that I have Rozanov or Blavatskaya? As to Hitler... I like what he did for his country.

[Khinshteyn] Are you for concentration camps?

[Barkashov] No, I am against it. I tell my wife: Do not plant potatoes. When she does the weeding, collects bugs, my heart aches. I imagine a concentration camp.

[Khinshteyn] You sound like such a humanist. Like Romain Rolland.

[Barkashov] Do not say this. I am a true humanist. A natural one. It is the state that concerns itself with idiots while millions of Russian children are not provided with elementary rations. We need to take care of normal children.

[Khinshteyn] Since your release have you seen any of your White House confederates?

[Barkashov] Those I wanted to see I already have. After all, I am ill—can my friends not visit me? Zhirinovskiy came; he sat in that very chair. We put away a bottle of cognac to my health.

[Khinshteyn] Is it true that you were an instructor in Egypt?

[Barkashov] I trained in a special unit training international soldiers for the Near East, but did not get a chance to fight: The president of Egypt refused our aid; although I did write memorandums asking to send volunteers to fight on the side of the oppressed Arab proper suffering from Israel's aggressive policy. So what—I like justice; there us such a trait among Russians. I transferred to reserves in the rank of senior sergeant. Now I am a corporal. How? I took two stripes off and became a corporal.

[Khinshteyn] I just cannot figure it out: Would it not be easier to ban you?

[Barkashov] It will not work. We act within the boundaries of the current law. We do not have shock troops—people, carrying arms—and neither do we have arms; we never have. That we are better prepared for some actions than others is a result of discipline. While other parties gather together only once a year for a rally, we work daily. We sponsor plants, educational institutions, military units. Our guys go there regularly, sell newspapers, conduct political propaganda. But we cannot be charged with anything. One has to present one's thoughts correctly.

[Khinshteyn] But you did arm yourselves with submachine guns, did you not?

[Barkashov] I did, and I fired it. We had an order from the Supreme Soviet: protect peaceful demonstrators from being shot at. An order from a legitimately elected authority.

[Khinshteyn] That is, there is nothing to get you on?

[Barkashov] All right, so they kept me in prison. What did they achieve? Only a rise in our authority. Of course, it is better for them to let us go.

[Khinshteyn] Aleksandr Petrovich, are you a fascist?

[Barkashov] I am for national revival and justice for all, without degeneration of the Russian nation. If this is called national-socialism, I am a national-socialist.

[Khinshteyn] Are there people in the current government of Russia who support you?

[Barkashov] I do not know...

[Khinshteyn] Or perhaps you do not want to say?

[Barkashov] Perhaps. Do not ask questions to which you cannot get an answer. [end Barkashov]

As we parted, Barkashov, who promised to accept me into the RNE if I a) change my convictions, b) agree with the program, and c) actively work, gave me an escort. "So that you do not get beaten up," he explained. Emerging onto the street, my escort waved to someone invisible. Meaning, it is all right. One of ours. It was a somewhat hasty assumption.

'Majority Party' Appeal

944F0632B Moscow ROSSIYA in Russian
No 14, 13-19 Apr 94 p 2

["Appeal of the Majority Party Political Council to all Parties and Public Associations, to the Citizens of Russia": "Conciliation Requires Charity"]

[Text] Dear compatriots!

A wave of rallies is again spilling out onto the streets of Russian cities, there is a search again for who is right and who is wrong, while politicians still busy themselves only with disparaging one another and wasting time on fruitless discussions. This was demonstrated especially graphically during the sad half-year commemoration of the October 1993 tragedy.

In this situation we—a party of the middle class, a party of stability, legality, and patriotism, a party that rejects extremism—proclaim once again that we intend to strive for civil peace and well-being through concrete deeds. Within the framework of our economic program we are preparing radical reform of the taxation system and agricultural production. We are implementing projects in the area of culture, sports, education, and health care.

During these difficult days for Russia we are undertaking a new initiative capable of becoming a basis for cooperation between all political parties and other public associations for the purpose of consolidating Russia and achieving civil peace. **We are opening a special account, money from which will go to help families of those who died in the October 1993 clashes, regardless of whose side they were on.** The Majority Party is making a contribution to this account, which will enable us to provide at least 5 million rubles [R] for each family.

We urge citizens of Russia, parties, and other organizations to contribute to the extent possible, thereby showing a true desire for civil peace. Let those representing different views bow their heads at the yet-not-erected monument to the victims of the October tragedy and take a step toward one another.

By 1 June of this year we promise to make public the names of parties and other associations and the names of citizens-participants in the noble action, and invite them to take part in the observer council, which will distribute the money collected. In the month of June all money deposited into the special account will be transferred to accounts of those for whom they are intended, as well as spent for commemoration of the victims of October events.

Our particulars: KB KhELP, correspondent account 115161600 of the Moscow Oblast main administration's clearing center of the Central Bank of Russia, inter-branch turnover No. 211004, account 700008, the Majority Party. When transferring money, please make the notation: participation in the "October-93" action.

Our address: 6, 2 Ochakovskiy Lane, Moscow 119361. Telephone 430-70-80.

[Signed] On behalf of the Majority Party Political Council, Majority Party Chairman Vyacheslav Grechnev

ROSSIYA supports the initiative of the Majority Party and intends to print the names of its participants. National reconciliation is only possible when mercy toward the fallen becomes a national affair.

Women's Duma Faction Leader Interviewed

944F0650A Moscow OBSHCAYA GAZETA in Russian
No 16, 22-28 Apr 94 p 4

[Interview with State Duma Deputy Yekaterina Lakhova by Anna Politkovskaya under the rubric "In the Changing World": "Sex and Politics. Yekaterina Lakhova, State Duma Deputy: 'I Am Very Much Afraid of Little Men.' And From This Follows..."]

[Text] On that day she received an invitation to lunch with Minister of Foreign Affairs Mr. Kozyrev, and the next morning brought an attractive note with a request to "greet His Excellency the Ambassador..."—and so each day in the capital goes in meetings, hearings, lunches, and also official dinners and suppers. Yekaterina Filippovna Lakhova, once a Sverdlovsk nurse and then a physician and worker in the public health department, knows why she is in Moscow—she is making a political career here. She runs around as though on a treadmill; it is not easy for her mainly because she is a woman and women in Russia, no matter what you say, have their own strictly defined place. It is even very difficult for her because in the country now are times when even if careers are begun in a second they are destroyed in a minute. But she is counting on stability, her feminine nature itself tells her that the main things are equilibrium, composure, and steadfastness.

So she has a large men's briefcase filled with papers in her hands, none of these coquettish women's purses, a severe dark dress that ignores the trends of fashion, her hair stiff with spray from the hair dresser, very high heels even though she is tall, a statuesque figure, a purely businesslike walk with torso facing forward, and very pretty eyes with moderate, tasteful makeup—all this is Yekaterina Filippovna Lakhova, a wife, mother, grandmother, chairman of the Duma political faction Women of Russia, and a recent adviser to the president. In brief, as much as necessary a nomenklatura worker of the post-communist period of the middle of the nineties. Understandably, there were women like her in the domestic upper echelons previously as well—there was the journalist Galina Semenova, whom Mikhail Gorbachev made the first woman member of the Politburo. They too were sympathetic, businesslike, and well-groomed but still one could sense in them a certain strong sense of inferiority, which they themselves clearly recognized: They were allowed to be with the men who were creating policy but they themselves had nothing to

say about it. The most they could hope for would be to say at a convenient moment that women should not have to work on the night shifts.

Lakhova is a new type of domestic woman who is ever more insistently entering the political scene and ever more persistently demanding to be heard as equals. Having deliberately chosen their path, these people will not abandon it but will proceed persistently to their chosen goal, without getting too involved in the gender problem. The Women of Russia faction has placed its bets on the women of Russia and speaks on their behalf today although, in principle, the women of Russia have not especially requested this. Nonetheless the deed has been done and we women have to take a good look at those who have made us their goal and their means.

[Politkovskaya] How do you picture the ideal man?

[Lakhova] First of all a man must be intelligent but he does not have to be attractive. I do not think that a man should be very short because this involves a negative complex. I am very wary of short men and I try not to get into conversations or disputes with them because this will end in nothing good—they are all Napoleons. It is very dangerous when a manager is a man who is short. Also very important to me in a man are responsibility and honesty. A man should be a person of his word: If he has said something he must do it, I do not like loudmouths.

[Politkovskaya] In your view, does your feminine attractiveness and your sexuality play a role in the successes you are achieving in parliamentary activity?

[Lakhova] I must agree that men evaluate women above all according to purely external factors and after that they listen to what "she" says and how she says it. Yes, in today's Russia external attractiveness is a considerable factor.

[Politkovskaya] Is there a "ceiling" on the opportunities for women politicians in Russia today?

[Lakhova] No, there is not, everything depends on the woman. I agree with the assertion that if a woman sets for herself some clear goal she will always achieve it. Incidentally, I have not even set a special goal for myself. I ended up among the people's deputies of the RSFSR rather by chance—the Sverdlovsk hospitals nominated me although I had declined twice before. But the doctors said that it was necessary at the level of the Supreme Soviet to try to get to the problems that could not be handled at the oblast level at all.

[Politkovskaya] Did your political career develop randomly?

[Lakhova] I did not even have a political career of any kind.

[Politkovskaya] But you are already on top.

[Lakhova] Where is on top!... I was in the Supreme Soviet and now I am in the Duma—both of them, in my opinion, are at the same level. I was an adviser to the

president. I entered the last elections so that the experience I had gained as an adviser to Boris Nikolayevich regarding questions of family, maternity, and childhood could be applied in the new political women's movement. Of course, when I came to the Supreme Soviet my political life was no longer developing randomly. When I gave my consent to become an adviser to the president that was a thoroughly considered decision: To me it was important for the policy I implemented in parliament to be implemented in the executive organs as well. I have the same goals now, in the Duma.

[Politkovskaya] Have you been a leader since childhood?

[Lakhova] No, I was not especially a leader—either along party or along political lines. I was always older—first in the class and then in my course, and I was chairman of the local committee in the hospital.

[Politkovskaya] What do you personally like about political life and this battle?

[Lakhova] It is very difficult and I cannot say that I like it very much. But it is something that has to be done. We do not have a culture of interrelations among various political forces. The opposition could work more constructively and not be in opposition all the time. It seems to me that it is very important that we women have appeared in parliament and are trying to provide a peace-making buffer, and we think that we have succeeded in doing this to a certain degree during the past three months.

[Politkovskaya] Do you think that perhaps a woman will become president of Russia in the next few years? Someone like you, for example?

[Lakhova] In the next few years, I do not think so. We must see how prepared our society is. Although we were well supported in the last elections this was largely an advance. Perhaps everyone would like to be a Napoleon....

[Politkovskaya] What do you personally lack that keeps you from becoming the president of our immense country?

[Lakhova] I have not thought about this. The people must determine this. If the society has such a need and if the people give the corresponding assessments, then it would be possible. At one time they gave Boris Nikolayevich the benefit of the doubt, after all, he did not start at the top. Moreover, while in the Scandinavian countries there are women presidents, and in Turkey and Pakistan there are women prime ministers, I do not think our Russian women are any worse. Perhaps our first woman president of Russia is growing up somewhere right now.

[Politkovskaya] Could such a woman as Irina Khakamada be president or prime minister?

[Lakhova] While I have sympathy for Irina I do not think that she could aspire to this role. In my opinion, she is afraid of women and is not aware of purely women's

problems. I see that she is even communicating with men more and more in parliament. The idea she is putting forth now is a very dangerous one that greatly disturbs women's organizations. This is the idea of adopting a law that would allow women with children under six years of age to stay at home and receive wages for this. I am convinced that this would lead to dire consequences. The network of preschool institutions would fall apart and women's employment—to which European women are striving so hard—would decline. And not every woman today can sit at home, 14 percent of us are single women with children. How would they manage this? On the small wage that would be given for a child? That is simply absurd. It is impossible not to think that to sit at home for six hours a day would automatically mean to lose your skills. I have spoken about this with Irina and she understands everything and even the fact that the Duma might very well not adopt such a law. But even the failure to adopt it would be advantageous for Irina. And it seems to me that it is wrong to create your own image this way. We must really understand women's problems today.

[Politkovskaya] In your view, what are Russian women suffering from most today?

[Lakhova] How can I answer this?... Yes, everything is absolutely a burden on them today. Regardless of which problem you take, they are suffering everywhere. There is obvious discrimination against women. Even in politics: There, when decisions are made, we women are practically not represented. This is shown by the composition of today's government, which included only Ella Pamfilova, and she is no longer there. At recent parliamentary hearings on the budget professor of economics Oksana Dmitriyeva from Moscow, a deputy from the Yabloko faction, spoke. Simply a genius! To put it crudely, she is head and shoulders above all of our men. How she understands the budget! How remarkably she thinks! I said: Even though she is not in our faction, we will nominate Oksana Dmitriyeva as a candidate to the post of minister of finance of the Russian Federation. If we had managed to get women in the places where decisions are made—even 30 percent—these decisions would probably be more harmonious.

As for parliament, were it not for our women's movement, Women of Russia, only five percent would be women, and we immediately made it 11.3 percent. If you take the local level, the situation is altogether different. We were just recently in Novosibirsk, Omsk, and Tomsk, where elections to oblast dumas were held, and there is simply not a single woman in them! Everyone knows that 75 percent of the unemployed in Russia are women, but this does not change anything. Women and men have completely different rights when it comes to hiring and firing. If a woman is hired the first thing they ask is her age and the second thing—how many children and how old they are. Men are never asked these questions—they are evaluated only according to their professional qualities. The Union of Women of Russia went with legal experts to the judicial chamber for control of the mass

media under the president—and this is the first president—to have them reprimand many newspapers for the fact that their advertising of work is discriminatory toward women. For example, “We invite everyone except women to work.” Or: “We invite women without children to work.”

Take, for example, even the functions to which they like to assign us women—family, childbirth, and education. Today a woman cannot even normally exercise her age old reproductive rights because the death rate of children and mothers is very high and in terms of abortions we occupy second place in the world after Romania (for every birth we have 2.5 abortions). Is this not a problem? But our men today do not think there is any need to do anything about the abortion problem at all. They continue to think that this is purely a woman's problem and not a state problem.

[Politkovskaya] In what country would you personally like to be a woman?

[Lakhova] I have not visited many of them but from all the documents we receive from the UN, women are in the best position in the Scandinavian countries. Their social status is very high there. In the parliament of Finland about 40 percent are women. Are they really any worse off in Finland because of this? But I personally like living in Russia. I would like very much for our women to be aware that we too can do something, to understand that even what we did before the elections—we created a precedent for the political movement of Women of Russia and the corresponding voter bloc—that is a world precedent, there is no such thing anywhere else in the world, and now European women's movements are coming to study our experience. The Russian woman is strong, patient, and very resourceful.

[Politkovskaya] How close are you to the ideas of feminism?

[Lakhova] Everyone understands feminism in their own way and many disapprove of it. Defending the rights of women and achieving a policy of equal opportunity—this is the essence of feminism. And in this sense I am a feminist.

Russia's Crisis, New World Order Viewed

944F0626A Moscow SOVETSKAYA ROSSIYA in Russian
21 Apr 94 p 3

[Article by Leonid Okhotin: “Architects of Catastrophes: Scenario of Russia's Involvement in the ‘New World Order’”]

[Text]

Mondialism and Its Pressure

It is no secret today that the degree of interference in the domestic political life of our country on the part of foreign governments and extragovernmental organizations is enormous. On the whole this phenomenon is characteristic not only of Russia but the world, and it is

being imposed by “mondialism,” that is, the aspiration of certain powerful financial and political forces to control the world (“mondialism” comes from the French word “monde,” that is, “world”). This project is otherwise known as the plan for “world government”).

Specific organizations that are the most highly involved in the realization of mondialist plans are primarily the Bilderberg Club and the Trilateral Commission. It is these structures that formerly “proposed and realized” (“imposed”) perestroika in the USSR; it is they that via the United States, the IMF, and the World Bank and also via the “public” institutions and foundations that are dependent on them are attempting (and not unsuccessfully) to control domestic policy processes in present-day Russia.

There is no doubt that the activity of such “mondialist structures” does not receive extensive coverage but they are not strictly secret and they periodically reveal certain aspects of their activity via their publications—such as TRIALOGUE, THE FEDERALIST, AUSSENPOLITIK, THE WORLD TODAY, and so forth.

In recent years these mondialist journals have devoted the largest number of their articles to Russia and the former Soviet republics. This points to the immense significance the architects of “world government” attach to events in our country. Russian readers would be interested to learn what these architects think of our situation since, most regrettably, with the present government their theoretical plans become almost instantaneously our social reality.

Regional Triad

Mondialists see the world as being divided into three main regions: American (with the domination of the United States), European, and Pacific (with the domination of Japan). It is for this reason that the main mondialist organization, the Trilateral Commission, is called trilateral: Its principal participants are the representatives of these three “developed, market regions.”

These regions, in the mondialists' thinking, should in the future become the three columns of a single world state. But at the present stage they are assigned the role of the expansive absorption into themselves of the expanses that are “undeveloped” or “insufficiently developed.” Russia, naturally, falls into the category of such “insufficiently developed” states from the market viewpoint.

Plans for Russia

The mondialist authorities have two fundamental scenarios for Russia in the sense of its integration in the world market (and it is this that is the Mondialists' aim). The first plan anticipated a change in the economic structure of the former USSR and the transition to a market economy with the preservation of the political control of the former Soviet leadership and within the framework of a unified state. In this outlook a “democratized” USSR was to have blended into the regional

European bloc. This was what Gorbachev was talking about when uttering words about the "common European home." But Gorbachev's fall forced the mondialists to abandon this version of the USSR's socioeconomic integration.

The second version was the disarticulation of the USSR and, subsequently, of the Russian Federation for the entry of the intraregional expanses into the various "market blocs"—both European and Pacific and even a direct "pro-American" bloc (of the colonies or protectorate type—this model was intended for the Baltic republics, Kazakhstan, and a number of oblasts of Russia). Gorbachev's incapacity for realizing the first plan forced the mondialists to concentrate on the second, which became the main strategic line of Yeltsin's policy. But there was a certain breakdown here also.

Communism, Democracy, and Nationalism

The mondialist journal *THE WORLD TODAY* analyzed the stymieing of the second plan for the "mondialization" of Russia in its January 1994 issue. From the experts' viewpoint, the main obstacle to Russia's entry into the market is "collectivism," a quality that is not compatible with market individualist ideology and mentality. And this collectivism has been manifested at three levels, what is more.

There is historically in residual but strong form in Russians "communist-type collectivism" (first level). When on this instinctive collectivism the policy of "democracy" (second level), that is, another "collectivist" political form, was superimposed, a new type of collectivism—"nationalism" (third level)—was manifested. This occurred, what is more, not only in the Russian milieu but also among other peoples that were left in an uncertain state following the disintegration of the USSR. Consequently, new obstacles to subsequent mondialist integration in market regions arose in this version of fragmentation of the single political space also.

It was as a forced abandonment of democracy under such conditions (inasmuch as it indirectly contributes to the appearance of a new and very dangerous, anti-mondialist, form of "collectivism"—"nationalism") that the mondialists perceived the shooting up of the Supreme Soviet and the abrogation of the current constitution. The authors of *THE WORLD TODAY* and *THE FEDERALIST* make no secret of the fact that this was an antidemocratic measure, necessary, however, for combating "collectivism."

Crisis of Mondialism in Russia

But even this extraordinary measure involving the shooting up of the parliament did not do much to

improve the situation concerning Russia's membership of the "new world order." Nationalism has not been conquered (the results of the December elections are a striking example of this); the communist opposition has not surrendered; and democracy has not renounced its political embodiment (the critical position of certain democratic publications in respect to the liberal terrorism in October 1994 [as published] is an example of this). It was after December that a majority of mondialist voices began to talk about the "return of Gorbachev," that is, about the need to bring to power in Russia a force, obedient to the West, of a "social democratic" persuasion with the possible reconstitution of a "common space on the territory of the former USSR." Thus Gorbachev himself snatched from the opposition "Eurasian" slogans, which were also usurped by certain Yeltsinites—Shakhray, Stankevich, and so forth.

However that may be, the mondialists today believe that the second version of integration has failed hopelessly and that it is necessary to return to the first version or its new modernized form.

Patriotic Plan

Patriots today do not have the right to ignore the plans of the mondialists since their strength both in the foreign policy and the domestic life of the country is immense. It is the mondialists who initiated the changes in Russia, which the people and the opposition resisted merely passively, constantly several moves behind. Today the mondialists are in crisis and they frankly acknowledge this in their semiclassified publications. The opposition must not miss its opportunity on this occasion. It is required not only to end the processes of the disintegration of the motherland for its inclusion bit by bit in a regional triad but also to prevent the "return of Gorbachev" or a "collective Gorbachev" in the shape of "centrists" and repainted "reformers" in the service of mondialism.

Russia's patriots must formulate their own plan of the country's future. But it should be remembered that the simple isolationism that existed up to perestroika is hardly possible today.

The mondialists are strong and powerful. They would never permit this. The patriotic plan should, therefore, be, in my opinion, in a sense "international" and totally anti-mondialist since only the mutual solidarity of all the world's anti-mondialist forces—left, right, center, and so forth—can alter the fatal course of contemporary geopolitical transformations. Only the solidarity of various peoples and states of the planet united by a common desire and a common will to themselves determine their historical destiny and the particular features of their internal arrangement can be the alternative to "world government."

REGIONAL AFFAIRS

Tatarstan Soviet Leader on Recent Session

944F0668A Kazan IZVESTIYA TATARSTANA
in Russian 4 May 94 p 1

[Interview with Tatarstan's Supreme Soviet Chairman Farid Mukhametshin, by INTERFAX correspondent Guzel Fazullina, especially for IZVESTIYA TATARSTANA; place and date not given: "We Have a Responsibility to the People"]

[Text] The more time passes since the signing of the treaty between the Russian Federation and the Republic of Tatarstan, the more obvious it becomes that our republic has entered a principally new period in its sociopolitical and socioeconomic development, and that from now on many issues on which there had been no clarity will have to be decided not by someone else but by Tatarstan authorities.

Overall, the problems of implementation of the treaty between the Russian Federation and the Republic of Tatarstan constituted the bulk of the discussions at the latest, the 19th, session of the Republic of Tatarstan's Supreme Soviet, where the 1994 budget was discussed. Today in an interview to an INTERFAX correspondent, Tatarstan's Supreme Soviet Chairman Farid Mukhametshin gives his appraisal of the session's results and his vision of the ways of leading the republic economy out of the crisis.

This interview continues a series of IZVESTIYA TATARSTANA materials on the subject that is extremely important for Tatarstan's future.

[Fazullina] In your opinion, has the Tatarstan Government been able to make use of the situation in the republic—which over the past two years had been more favorable than in Russia as a whole—to implement economic reforms?

[Mukhametshin] It has been able to provide social protection for the population, which is important. Nevertheless, since it was not burdened with large payments into the Russian budget last year and had more favorable terms with respect to oil exports, it could and it should have used this situation to begin transformations at the same time in the economy, to create a favorable environment for the development of small- and medium-size business. Unfortunately, the government has been concerned not so much with new sources of budget revenue as with the optimum distribution of existing income, which in the current conditions quite logically kept shrinking.

At the latest session, the budget was subjected to just criticism. The analysis of parts of its revenues and expenditures shows that the government has a conservative approach to the economy.

[Fazullina] In this case, will Tatarstan be able—without its own economic program and still traditionally increasing the tax pressure on insolvent enterprises and citizens who are certainly not getting richer—to collect the expected budget revenue, especially considering that the Republic of Tatarstan's Supreme Soviet decreased the revenue part at the 19th session?

[Mukhametshin] The parliament approved the budget on condition that the government will develop within a month a program of anticrisis measures. Considering that at this point only R400 million rubles had been received into the budget, can we really expect that R3 trillion will be collected by the end of the year? Hardly. Therefore, today the main task for the government is to identify priority sectors and enterprises, which will be given tax preferences; develop an effective credit policy and a program of reduction of mutual nonpayments—today they have reached R2 trillion—coordinated with the federation government.

[Fazullina] If these tasks have not been resolved in two years, where is the guarantee that the Cabinet of Ministers will find a way out of the crisis situation in one month?

[Mukhametshin] We believe that a month is enough. A program of anticrisis measures will be designed to utilize both the republic's internal reserves—which undoubtedly exist—and the external ones. Many enterprises today have programs ready, and some of them already are being implemented. They only need support, and by the end of the year they will be able to stabilize their financial situation. It is necessary to put into effect the law "On Bankruptcy," and get the antitrust committee to work.

Being in the same economic space as Russia, we are also looking at the second part of this program—conducting a coordinated policy with the federal authorities, opening centralized credit lines for the agro-industrial complex, financing federal programs, and so on. The treaty we signed with the Russian Government allows the National Bank of Tatarstan to keep flexible interest rates, and we will use this ability as well.

We have to keep in mind, however, that Russia has the same problem as we do. We intend to participate most actively in joint actions, in the development of federal programs. It is possible that the government will bring in outside economists to work on the economic development of Tatarstan; we are already in the process of negotiations. It is too early, however, to mention any names.

[Fazullina] There were no hints at the session at having your own regional policy. Moreover, the prime minister said that Tatarstan will follow the line of Russian policy...

[Mukhametshin] A completely independent economic policy is hardly possible today. We cannot say, however, that Tatarstan will simply go with the flow of the Russian reforms. Specific features will definitely be taken into account, and relevant adjustments made.

[Fazullina] In your opinion, is Tatarstan in a state of government crisis? Do you not believe that the Cabinet of Ministers should resign, making room for reformers?

[Mukhametshin] It is too early to speak of the government's resignation. Everything will depend on the program they propose take the republic out of economic crisis.

[Fazullina] Have the arguments or debates on the subject of the budget at the latest session been natural, or is it a manifestation of disagreements between the parliament and the government?

[Mukhametshin] The budget is always lobbied by certain groups—industry, agriculture, the budget-financed sphere. Adopting it is working out a compromise. In the course of budget discussions, I did not detect a desire on the part of deputies to raise the issue of replacing some members of the government or the entire cabinet. Although in some remarks its ability to implement radical transformation was indeed questioned.

[Fazullina] Do you not believe that over the past two years Tatarstan's leadership has been more concerned with resolving political issues—both external and internal—than the problems of working out economic strategy? Both targeted social protection and support for the agro-industrial complex represent to a great extent programs of survival, softening the shock. Do they have a future or will it be necessary to fold them?

[Mukhametshin] Yes, a lot of money has gone into preserving stability in the republic. We believed that this was necessary; otherwise the population would have rejected reforms. Now a new stage has begun, and we have to protect the rights we have been granted and prove the vitality of sovereignty. After the signing of a treaty between the Russian Federation and the Republic of Tatarstan, the responsibility for reforms rests solely with local the leadership.

Tatarstan Passes Law on Public Service

Text of Law

944F0640A Kazan RESPUBLIKA TATARSTAN
in Russian 26 Apr 94 pp 2-3

["Law on Public Service"]

[Text] Proceeding from the terms of reference of public bodies enshrined by the Constitution of the Republic of Tatarstan, this law regulates relations in the field of public service and the legal position of public servants in the Republic of Tatarstan.

Chapter I. General Provisions

Article 1. Public service

Public service represents exercise of official authority in the accomplishment of the purposes and discharge of the functions of the state in accordance with the Constitution

of the Republic of Tatarstan, the laws of the Republic of Tatarstan, and other legislative instruments in effect in the Republic of Tatarstan.

Public service is performed in the administrative systems of the organs of representative, executive, and judicial power and also in other public bodies discharging on behalf of the state its functions and attributed by legislative instruments of the Republic of Tatarstan to public service. Judges and citizens temporarily employed in public bodies, organizations, and institutions in accordance with labor agreements (contracts) or civil-law agreements and also auxiliary and support personnel are not in public service.

Article 2. Principles of public service

Public service is based on the principles of a state based on the rule of law;

legality;

the separation of the legislative, executive, and judicial powers;

the equal right of the citizens to hold any public office in accordance with their capabilities and professional training, without any discrimination;

the binding nature of the decisions of superior public bodies and officials adopted within their powers for lower public bodies and officials;

the supervisable status of public bodies and public servants;

the economic, social, and legal protection of public servants and their families;

glasnost;

the liability of the public servant for the inappropriate exercise of his official authority.

The activity of the structures of political parties and movements is prohibited in public bodies. Public servants shall be guided in the exercise of their official authority by public interests, defense of the rights of the citizens, and acts of legislation and shall not be bound by political parties or movements.

Article 3. Legislation governing public service

Legislation of the Republic of Tatarstan governing public service consists of the Constitution of the Republic of Tatarstan, this law, and other legislative instruments in effect on the territory of the Republic of Tatarstan.

Legal regulation of particular types of public service in the Republic of Tatarstan may be realized by the corresponding legislative instruments of the Republic of Tatarstan.

Chapter II. Public Office

Article 4. Public office

Public office represents part of the authority pertaining to exercise of the jurisdiction of a public body.

Proceeding from the content of the authority, constitutional and administrative public offices are established in the Republic of Tatarstan.

The legal status of a person holding the higher constitutional public office shall be determined by the Constitution of the Republic of Tatarstan, the laws of the Republic of Tatarstan, and other legislative instruments in effect in the Republic of Tatarstan.

The legal status of a person holding administrative public office shall be determined by legislative instruments and other legal enactments establishing the competence of the public body and also the corresponding instructions of office.

Article 5. Classification of public offices

The following pertain to the constitutional public offices in the Republic of Tatarstan:

- 1) higher constitutional public offices—the president of the Republic of Tatarstan, the chairman of the Supreme Soviet of the Republic of Tatarstan, the vice president of the Republic of Tatarstan, the prime minister of the Republic of Tatarstan;
- 2) chief constitutional public offices—the deputy chairmen of the Supreme Soviet of the Republic of Tatarstan, the secretary and chairmen of the standing commissions of the Supreme Soviet of the Republic of Tatarstan, the prosecutor of the Republic of Tatarstan, members of the Cabinet of Ministers of the Republic of Tatarstan, the chairman of the National Bank of the Republic of Tatarstan, the chairman of the Investigation Committee of the Republic of Tatarstan, the chairmen of the local soviets of people's deputies, the chiefs of the local administrations.

The following pertain to administrative public offices in the Republic of Tatarstan:

- 1) higher administrative public offices—chief of staff of the Office of the President of the Republic of Tatarstan, chief of the Secretariat of the Supreme Soviet of the Republic of Tatarstan; administrators of the president of the Republic of Tatarstan and the Supreme Soviet of the Republic of Tatarstan; chief of the Secretariat of the Cabinet of Ministers of the Republic of Tatarstan; leaders of republic public bodies which are not a part of the Cabinet of Ministers of the Republic of Tatarstan;
- 2) chief administrative public offices—the deputy chiefs of staff of the Office of the President of the Republic of Tatarstan and the deputy chiefs of the Secretariat of the Supreme Soviet of the Republic of Tatarstan; advisers of the president of the Republic of Tatarstan and the prime minister of the Republic of Tatarstan; leaders

and deputy leaders of structural subdivisions of the administrative systems of the president of the Republic of Tatarstan, the Supreme Soviet of the Republic of Tatarstan, the Cabinet of Ministers of the Republic of Tatarstan, ministries and departments, and other republic public bodies; deputy administrators of the president of the Republic of Tatarstan and the Supreme Soviet of the Republic of Tatarstan; deputy chiefs of the Secretariat of the Cabinet of Ministers of the Republic of Tatarstan; aides to the president of the Republic of Tatarstan, the chairman of the Supreme Soviet of the Republic of Tatarstan, the vice president of the Republic of Tatarstan, and the prime minister of the Republic of Tatarstan; deputy leaders of ministries and departments of the Republic of Tatarstan; deputy chairmen of local soviets of people's deputies and deputy chiefs of the local administration; leaders and their deputies of administrative systems, committees, and departments, administrators, aides, advisers, and consultants in local soviets and the administration;

- 3) chief specialists;
- 4) leading specialists;
- 5) specialists.

The title of the office on the list of staff of a public body must reflect the profile of the activity of this body.

Article 6. Qualification requirements

The qualification requirements for constitutional public office shall be determined by the Constitution of the Republic of Tatarstan and other legislative instruments of the Republic of Tatarstan.

Qualification requirements for the higher and main administrative public offices shall be established by acts of the president of the Republic of Tatarstan, the chairman of the Supreme Soviet of the Republic of Tatarstan, and the minister of justice of the Republic of Tatarstan.

It is essential that persons aspiring to public office have:

- 1) for the office of chief specialist—a record of service in the office of leading specialist of not less than three years and higher education in the relevant specialty;
- 2) for the office of leading specialist—a record of service in the office of specialist of not less than two years and higher education in the relevant specialty;
- 3) for the office of specialist—higher education in the relevant specialty or, with secondary education in the relevant specialty, a record of service of not less than two years.

Other requirements for administrative public office shall be determined by legislative instruments and instructions of office.

A candidate for administrative public office shall be required to pass a qualifications examination.

Chapter III. The Public Servant

Article 7. The public servant

A person who in the procedure established by this law holds paid public office and who has taken the oath is a public servant.

A public servant who holds public office and who is endowed with competent authority is a public official.

Labor legislation, with the exceptions established by this law, extends to public servants.

Article 8. Duties of the public servant

The public servant shall be required:

- 1) to exercise official authority and legislative instruments and other enforceable enactments promulgated by organs of state power and administration;
- 2) to carry out orders, directives, and instructions of leaders issued within their competence, except for those that are patently illegal and also that degrade human dignity;
- 3) to observe the regulations of office established in the public body and the standards of official ethics and not to permit actions which could lead to the use of public service in personal interests;
- 4) to render the work of other public servants support and to contribute to the growth of the authority of the public body in which he serves;
- 5) to opportunistically examine the petitions of the citizens, enterprises, institutions, and organizations and to resolve them dispassionately within his authority;
- 6) if necessary, within his qualifications, as directed by the leader of the public body, to perform additional work in accordance with labor legislation;
- 7) to maintain the level of qualifications necessary for the performance of his official duties;
- 8) to perform other duties in accordance with the instructions of office.

Article 9. Rights of the public servant

The public servant shall be entitled:

- 1) to demand the formalization in writing of the content and extent of the official authority pertaining to the corresponding public office and the creation of the organizational-technical conditions for its exercise;
- 2) in accordance with current legislation, to request in the established procedure and to obtain free of charge from public bodies, local government authorities, public associations, and enterprises, institutions, and organizations the information necessary for the performance of his official duties;

- 3) to aspire to career advancement or increased emolument with regard to his attitude toward performance of his official duties and qualifications;
- 4) to obtain income in the form of deposit interest and securities dividends;
- 5) to familiarize himself at first request with all the material of his personal file and references and other documents before they are entered into his personal file and also to demand the attachment to his personal file of his explanations;
- 6) to demand an official inquiry to refute information demeaning to his honor and dignity;
- 7) to associate in trade unions;
- 8) to membership of public associations, unless otherwise specified by law.

Other rights specified by law and the instructions of office extend to public servants.

Article 10. Liability of public servants

The nonperformance or inappropriate performance by a public servant of the duties entrusted to him and, equally, a failure to observe the restrictions established by this law shall entail disciplinary liability.

The types of disciplinary penalty and the procedure of their application and appeal shall be determined by law.

Public servants shall be held materially liable in accordance with legislation for damage for which they are to blame.

Public servants holding constitutional public office may be recalled or dismissed in the instances and procedure determined by law.

A public servant who doubts the lawfulness of the directive of a leader should communicate this to him immediately. The public servant shall be absolved of responsibility here if the leader, the public servant's objections notwithstanding, confirms his directive in writing.

A public servant who has committed official wrongdoing may be temporarily suspended from performance of his official duties, until a decision on the question of liability has been made in the established procedure, by the body or leader that appointed or elected him to office.

Article 11. Restrictions connected with public service

A public servant shall not be entitled:

- 1) to hold other paid office, except in the instances established by legislation;
- 2) to engage in entrepreneurial activity personally or via agents, this including participation in the management of economic transactors, regardless of forms of ownership, except in the instances established by this law;

- 3) to be a member of the council or board of economic transactors, unless otherwise specified by legislation;
- 4) to exercise guardianship or trusteeship for a fee;
- 5) to be the agent or representative for the affairs of third parties in a public body or local government authority;
- 6) to use for other than official purposes public assets, including material and technical, financial, and information resources;
- 7) to receive in connection with the performance or nonperformance of his official duties monetary compensation or other illegal benefits from interested bodies and parties;
- 8) to take part in strikes or other actions;
- 9) to use the official authority of the public servant for propaganda of his attitude toward religion;
- 10) to receive royalties for publications and speeches by way of performance of his official activity;
- 11) to travel on assignments overseas at the expense of legal entities and citizens unless this is connected with performance of his official duties, except for official trips made in accordance with international treaties or on a reciprocal basis in accordance with an arrangement between public bodies of the Republic of Tatarstan and their administrative-territorial units and foreign states.

In the event of a public servant violating this article, measures of disciplinary liability, up to and including dismissal from office, shall be applied in respect to him.

Article 12. Preservation of a state secret

A public servant shall be required to preserve a state, official, and other secret protected by law, after the termination of his public service included, and to keep secret information affecting the personal life, honor, and dignity of citizens that has become known during the performance of official duties and not to demand that such information be made available, except in the instances specified by law, and also not to use after his resignation (dismissal) in the interests of enterprises, institutions, organizations, and private individuals for the length of time established by legislation information on matters constituting a subject of his official activity and representing a state, official, or other secret protected by law.

The leader of a public body shall in the established procedure determine the body of information, the access of the citizens to which is restricted in the interests of assurance of the functioning of the public body and which pertains to an official secret, and shall be responsible for the organization of its protection.

A public servant shall be entitled to give evidence or make submissions in respect to information containing a

state, official, or other secret protected by law only in connection with the institution of criminal proceedings, having notified the leader of the public body of this in writing. The public officials who have here received information containing a state, official, or other secret protected by law shall be responsible for its preservation.

The following may not be classed as an official secret:

a description of the structure, jurisdiction, or address of a public body, the list of official powers of the public servants, or the standards of public service;

enforceable enactments on matters affecting the rights and liberties of the citizens or the rights of legal entities;

the procedure of the consideration of the appeals of citizens and legal entities to public bodies and public officials;

decisions of public bodies and public officials in connection with appeals of the citizens and legal entities;

official sets of instructions on matters affecting the rights and liberties of the citizens;

other information not subject to restriction in accordance with current legislation.

Following termination of his public service at the request of the leader of the public body a public servant shall be required to return all official records and documents of any kind connected with public service. This requirement shall extend to the heirs and relatives of the public servant in the event of his death.

Official information shall be transmitted to the news media or other bodies by the leader of the public body or a public servant authorized by the former.

Article 13. Guarantees for public servants

Public servants shall be guaranteed:

- 1) the emolument and other payments and allowances specified by legislative instruments;
- 2) conditions of service assuring the performance of their official duties;
- 3) paid annual leave with payment of the cost of return travel to their leave point;
- 4) medical services for the public servant and his family with reimbursement from the corresponding budget of the funds spent on treatment;
- 5) retraining and upgrading of qualifications with the retention of salary for the period of tuition;
- 6) the transfer to other public service with retention of salary and in accordance with qualifications or retraining (requalification) for a term of three to six months with retention for this period of the emolument of the last office and a guarantee of employment in accordance with legislation in instances of

the elimination of public bodies or staff reductions and the prohibition of a transfer to a lower-paid office without the consent of the public servant, other than in the instances specified by legislation;

- 7) a pension and the payment of allowances in the procedure established by current legislation;
- 8) state insurance against the contingency of death or harm done to life, health, and property in connection with the performance of one's official duties and also sickness or loss of fitness for work which have ensued in the period of service or after its termination, but as the result of the performance of one's official duties, from the corresponding budget;
- 9) the allocation in the procedure specified by legislation, with regard to the nature of the official duties being performed, of official transportation or the payment of compensation for the use of personal transportation for official purposes from the corresponding budget;
- 10) protection of the public servant and his family against violence, threats, insults, and other unlawful actions perpetrated in connection with a public servant's performance of his official duties;
- 11) upon resignation on the grounds specified in clause three of Article 27 and in clauses four and five of Article 28 of this law an allowance shall be paid in the amount of the emolument until establishment in a new place of employment (service), and in the event of the pay at the new place of employment (service) being less than at the former place of employment (service), a supplementary payment in a sum equal to the amount of the previous emolument shall be made. The length of time in which the payments or supplementary payments are made may not exceed one year from the day the public servant resigned;
- 12) in the event of the decease of the public servant, his family shall be paid a lump-sum allowance in the amount of the annual salary from the corresponding budget;
- 13) the emolument, pension, and other payments to a public servant shall be subject to indexation in the procedure specified by legislation.

Article 14. Emolument of a public servant

The emolument of a public servant shall consist of the salary for the position and supplements to the salary for special conditions of service, length of service, class rank, and such and also compensation payments and allowances. The emolument shall be paid from the funds of the corresponding state budget.

The salary of a public servant shall be established in accordance with the office he holds. The amount by which a salary shall in respect to each subsequent public

office exceed that of the salary in respect to the previous public office should constitute an average of 25 percent.

The amounts and procedure of determination for a public servant of supplements to his salary for length of service, class rank, special conditions of service, and such shall be established by the Cabinet of Ministers of the Republic of Tatarstan.

Public servants in particular types of public service may be accorded taxation privileges established in the procedure and on the terms determined by legislation of the Republic of Tatarstan.

Article 15. Compensation payments and allowances for a public servant

A public servant shall be compensated for expenses in connection with official assignments, a transfer, payment for accommodations, and fares, and other compensation payments and allowances shall be made in accordance with current legislation.

Article 16. Pension for the public servant

Public servants with a length of public service of not less than 25 years shall be entitled to receive a service pension and to take early pensionable retirement, but no sooner than two years prior to the pensionable retirement age established by law. A service pension amounting to 80 percent of the emolument for the office held on the day of termination of public service or on the day that the age conferring the right to retire on pension is reached shall be established for the public servant. The said pension shall be subject to periodic review on the basis of an increase in the emolument for public servants in terms of the corresponding office or on the basis of a rise in the cost of living by way of indexation in accordance with legislation. Service pensions shall be paid within the maximum amount of the retirement benefits from the resources of the Retirement Fund, and in the event of it being exceeded, the amount of the excess shall be paid from the resources of the republic budget of the Republic of Tatarstan.

In the event of the death of a public servant, provision shall be made for a pension for his family in accordance with the legislation in effect on the territory of the Republic of Tatarstan.

Article 17. Encouragement of public servants

The following incentives shall be applied for the exemplary performance of one's official duties, long and irreproachable service, and for other achievements in service:

- 1) an expression of gratitude;
- 2) a cash incentive;
- 3) award of a valuable gift;
- 4) the conferment of government awards;
- 5) other incentives specified by current legislation.

A cash incentive shall be paid public servants in the form of bonuses for the results of work for a quarter and a year for the performance of official assignments of particular importance or complexity, as shall be also rewards in connection with public servants' anniversaries.

Upon resignation on the grounds specified in clause one of part one of Article 27 and in clauses one and two of part one of Article 28 of this law a public servant shall be paid from the corresponding budget cash compensation in an amount 10 times the emolument for the office held on the day of his resignation.

Chapter IV. Public Service

Article 18. Admittance to public service

All citizens shall be entitled, in accordance with current legislation, to enter public service.

The establishment during admittance to public service of any direct or indirect restrictions on the basis of race, nationality, language, sex, social origins, property position, place of residence, attitude toward religion, beliefs, membership of public associations and trade unions and, equally, other circumstances for citizens whose professional degree of preparation corresponds to the requirements in respect to the corresponding office shall be prohibited, unless otherwise established by law.

A citizen may not be admitted to public service in the following instances:

- 1) recognition of him by a court of law as incapable or as being of impaired capability;
- 2) deprivation of him by a court of law of the right to hold public office for a particular length of time;
- 3) the presence, according to the findings of a medical institution, of an illness preventing the exercise of official authority;
- 4) close kinship or relationship by marriage (parents and spouses and their brothers and sisters and the parents and children of spouses) with a public official if their service is associated with the direct subordination or inferior status of one of them to the other, except in the instances established by legislation of the Republic of Tatarstan;
- 5) citizenship of a foreign state;
- 6) in other instances established by legislation of the Republic of Tatarstan.

Admittance to administrative public office shall be realized, except for persons for whom a different procedure is established, if there is evidence of the corresponding education and if a qualification examination by way of competitive review, unless otherwise specified by law, has been passed. In the instances specified by law admittance may be preceded by a check. The circumstances of private (family) life shall not be subject to a check.

A public servant elected or appointed to public office shall be presented with attestation of the corresponding public body.

Article 19. Oath of the public servant

Upon entering public service a citizen shall take the following oath:

"I swear to be loyal to the Republic of Tatarstan, to observe unswervingly the Constitution of the Republic of Tatarstan and the laws of the Republic of Tatarstan, and to perform the duties and exercise the rights entrusted to me by public service without prejudice, conscientiously, exclusively in accordance with the law, to the extent of my powers, and in the interests of the Republic of Tatarstan."

The oath shall be taken once, and the signed text of the oath shall be kept in the personal file of the public servant. Administration of the oath shall be grounds for inclusion of the public servant on the register of public servants.

Particular features of the content of the oath in particular types of public service shall be established by legislative instruments of the Republic of Tatarstan.

Article 20. Conditions of public service

The duration of the office hours in public service may not be shorter than that established by legislation.

Annual paid leave of 30 calendar days shall be established for public servants. Legislative instruments may establish longer paid annual leave for public servants in particular types of public service. A public servant shall be granted for length of service supplementary paid leave of the following duration:

from five to 10 years of service.....five calendar days;
from 10 to 15 years of service.....10 calendar days;
over 15 years of service15 calendar days.

The procedure and conditions of the computation of length of service shall be established by the legislation in effect in the Republic of Tatarstan.

In the instances established by legislation a public servant shall be accorded official living space in the form of an individual apartment or house and official transportation or shall be paid compensation for this expenditure from the corresponding budget.

A public servant sent on an official assignment shall be accorded the preferential right to obtain a travel document, a place in a hotel, a place to work, and the opportunity to use means of communication and transport facilities.

A public servant may be granted extended unpaid leave for a period of up to one year.

Article 21. Certification of public servants

Public servants holding administrative public office shall be subject to certification.

Certification shall be conducted not less than once every four years in the procedure established by legislation.

The certification commission shall be formed by the leader of the public body.

In the event of the certification commission finding that a public servant fails to conform to the office he holds, he may be sent for vocational retraining, demoted, or dismissed.

Article 22. Career advancement in public service

A probationary period of up to six months may be established for citizens admitted to public service for the first time and also for public servants transferred to another public office. The provisions of this law shall extend to the public servant in full in this probationary period. The probation shall be established in accordance with the demands of current legislation. Periods when the public servant is absent for valid reason shall not be counted as part of the probationary period.

Unless negative decisions on the fitness of the public servant for work in the office which he holds are adopted at the end of the probationary period, he shall be considered to have cleared probation, supplementary decisions on his appointment shall not be adopted, and the period of probation shall be counted as part of his length of public service.

If the result of the probation is negative, the public servant shall be dismissed by the leader of the public body.

The right to career advancement in public service shall be realized on condition of a public servant's successful and conscientious performance of his duties and the availability of a vacant position and also with regard to the results of the traineeship and the negotiation of retraining and upgrading of qualifications in accordance with the requirements in respect to the vacant position, the recommendation of the certification commission, and the interview.

Article 23. Class ranks of public servants

Class ranks shall be conferred on public servants holding administrative public office.

Each rank shall be conferred in accordance with the office held, qualifications, and length of service;

on public servants of higher administrative public office—actual state councillor, classes 1, 2, and 3;

on public servants of the main administrative public offices—chief state councillor;

on chief specialists—state councillor, classes 1, 2, and 3;

on leading specialists—public service councillor, classes 1, 2, and 3;

on specialists—public service consultant, classes 1, 2, and 3;

In particular types of public service class ranks may, in accordance with current legislation, have other appellations, and uniforms and insignia indicating the class rank of the public servant may be introduced also.

Class ranks shall be conferred in the established procedure by the president of the Republic of Tatarstan, the chairman of the Supreme Soviet of the Republic of Tatarstan, and the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan.

The primary class rank shall be conferred in accordance with a recommendation of the competitive-review commission at the time of the appointment to public office. Subsequent class ranks shall be conferred in the procedure established by acts of the president of the Republic of Tatarstan.

A class rank shall not be conferred on a public servant in the period of probation. In the event of the competitive-review commission's decision on negotiation of a period of probation, a class rank shall be conferred following its successful negotiation.

A public servant on whom a class rank has been conferred shall in a ceremonial atmosphere be presented with a testimonial on the conferment of the class rank.

A public servant with a class rank shall upon election or appointment to constitutional public office retain this class rank throughout the period that he remains in this office.

A public servant in retirement shall retain the class rank conferred on him with the notation "retired."

Article 24. Pluralism in public service

A public servant in administrative public office shall not be entitled to perform paid work on pluralist terms.

The leader of a public body may entrust to a public servant together with the performance of duties in respect to his administrative public office other duties in respect to another public office or the duties of a temporarily absent public servant, if this corresponds to his education and professional training. The amount of the supplementary payments here for the combination of public offices or the performance of the duties of a temporarily absent public servant shall be established by the leader of the public body in the amount of 50 percent of the salary for the office held.

Article 25. General grounds for termination of public service

The following are general grounds for the termination of public service:

- 1) resignation of the public servant (Articles 27 and 28);
- 2) dismissal of a public servant holding administrative public office (Article 29);

- 3) dismissal in connection with noncompliance with the restrictions established for public servants (Article 11);
- 4) a switch to other work outside of public service;
- 5) the transfer of a public servant with his consent to service in another public body.

Article 26. Release from office of the president of the Republic of Tatarstan

The president of the Republic of Tatarstan shall be released in the procedure specified by the Constitution of the Republic of Tatarstan.

Article 27. Resignation of a public servant holding constitutional public office

The resignation of a public servant holding constitutional public office shall be effected in the form of:

- 1) resignation as a consequence of expiration of his official term;
- 2) compulsory resignation in accordance with the decision of the body or leader that elected or appointed him to office respectively;
- 3) resignation as a consequence of a fundamental disagreement with a decision of the body or the leader that elected or appointed him to office respectively;
- 4) resignation at his own request in connection with family circumstances or on account of his state of health.

Article 28. Resignation of a public servant holding administrative public office

The resignation of a public servant holding administrative public office and with a class rank shall be effected in the form of:

- 1) resignation upon having reached the maximum age for public servants;
- 2) voluntary resignation upon having reached retirement age;
- 3) resignation in accordance with the personal wishes of the public servant;
- 4) resignation in connection with a substantiated disagreement with the decisions and actions of a superior body or leader;
- 5) abolition of the public office held by the public servant. An act of elimination of a public body is simultaneously an act of elimination of all offices in this body.

Retirement in accordance with clause one of part one of this article shall be effected: for men, upon their having reached 65 years of age, for women, 60 years of age. When retiring upon having reached the maximum age, a public servant shall be paid tax-free compensation.

Following the submission of his resignation request in accordance with clause three of part one of this article, the public servant shall be required to continue to serve for three months, unless otherwise specified by an agreement of the parties.

A resignation request shall in accordance with clause four of part one of this article be considered by the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan.

Article 29. Dismissal of a public servant holding administrative public office

The dismissal of a public servant holding administrative office shall be permitted in accordance with a decision of the leader of the corresponding body in the following instances:

- 1) violation of the oath;
- 2) an unsatisfactory result of the period of probation upon admittance to public service;
- 3) in connection with the public servant's nonperformance or inappropriate performance without valid excuse of the duties entrusted to him, if disciplinary measures had been applied in respect to him previously;
- 4) his being deemed not to conform to the office held according to the results of certification;
- 5) in connection with a court of law's "guilty" verdict taking effect;
- 6) in connection with departure for permanent residence outside of the Republic of Tatarstan;
- 7) the callup of a public servant for military service or his enrollment in an educational institution (correspondence form of tuition);
- 8) the public servant's refusal of a transfer to service in another locality together with the public body and, equally, a refusal to continue service in this public body in connection with an appreciable change in the conditions of service.

Chapter V. Administration of Public Service

Article 30. Administration of public service

The administration of public service shall be geared to personnel, organizational, and prescriptive-legal support for public service, public servants' exercise of their rights and performance of their duties, supervision of compliance with restrictions, and the fulfillment of the guarantees for public servants.

Public service shall be administered by:

the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan;

the personnel subdivisions of public bodies.

The following are the main tasks of the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan:

the organization and leadership of work on forecasting and planning personnel support for public service;

maintaining registers of public servants;

the organization and methods leadership of the professional training, upgrading of qualifications, and traineeship of public servants;

the coordination of work on prescriptive-legal support for public service and scientific research in the field of public service;

organization of the development and supervision of compliance with standards of public service;

approval of the composition of the certification commissions;

formation and approval of the composition of the competitive-review and qualifications commissions;

the hearing of public servants' complaints about the results of certification, qualifications examinations, and competitive reviews;

the resolution of service conflicts;

the examination of citizens' complaints and petitions concerning public servants.

The Department for the Affairs of Public Servants shall exercise its activity in accordance with the statutes approved by the president of the Republic of Tatarstan.

Article 31. Standards of public service

The standards of public service are intended to ensure the efficient administration of public service and the rational organization of the activity of public bodies and public servants.

Standards of public service determine the procedure of the administration of accounts, record-keeping, classification, control, information support, and other forms and procedures in the activity of public bodies and public servants.

At least once every five years public bodies, except organs of representative, executive, and judicial power, shall be subject to certification for determination of conformity of the structure, organization of activity, and budget outlays to the assignments confronting these bodies.

The standards of public service and the procedure of certification of public bodies shall be established by the Cabinet of Ministers of the Republic of Tatarstan.

Article 32. Register and personal file of public servants

The register of public servants represents systematized information on their public service. The register shall be maintained by the personnel office of the public body on the basis of personal files and service records of the public servants.

The registers of public servants are the basis of the formation of a summary republic register of the Republic of Tatarstan, which shall be maintained by the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan and which shall contain information on all public servants holding higher and main constitutional and administrative public office.

The personal file of a public servant shall contain information in accordance with a list established by the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan, shall be maintained according to common rules, and shall represent a strictly necessary accounting document. When a public servant is transferred, his personal file shall be handed over to the new place of service. Maintaining several personal files on one public servant is not permitted.

The collection and inclusion in the register and personal file of information concerning political and religious affiliation and the personal life of public servants is prohibited.

Article 33. Funding of public service

Expenditure on the support of public service is a component of the expenditure of the corresponding administration budget and incorporates outlays on the emolument of public servants, material-everyday and social support, state insurance, the upgrading of the qualifications and the retraining of public servants, and organization of the administration of public service.

Expenditure on the support of public service shall be planned, realized, and monitored on the basis of estimates compiled in the established procedure within the framework of the budgets of the corresponding level.

A reduction in budget appropriations may not serve as the grounds for a termination of payments or a reduction in the amount of the emolument of public servants.

Public servants' pensions shall be funded in the procedure established by current legislation of the Republic of Tatarstan.

The procedure of the funding of the activity of public bodies and supervision of the efficiency of the use of financial resources in public bodies shall be established by legislation of the Republic of Tatarstan.

Article 34. Resolution of disputes (conflicts) in public service

In accordance with the Constitution of the Republic of Tatarstan and this law, public servants shall have the right to lodge an appeal with the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan or with a court of law against the illegal actions of the leaders of public bodies and to appeal to the Department for the Affairs of Public Servants under the president of the Republic of Tatarstan or a court of law in respect to other disputes (conflicts) connected with admittance to public service by way of election or appointment and with the actual service itself, dismissal from public service or a transfer to another public office, the disciplinary liability of public servants, and failure to observe guarantees of the legal and social protection of the public servant.

Article 35. Control and supervision in public service

Public servants shall be responsible for the proper performance of the duties to the state and to the people entrusted to them. Control of the activity of public servants shall be exercised in accordance with legislation.

Supervision of the execution of the laws in public service shall be exercised by the prosecutor of the Republic of Tatarstan and the prosecutors subordinate to him, except for public service in the Supreme Soviet of the Republic of Tatarstan, the Cabinet of Ministers of the Republic of Tatarstan, and the Office of the President of the Republic of Tatarstan.

[Signed] M. Shaymiyev, president of the Republic of Tatarstan

Kazan, 8 February 1994

Decree on Public Service Law

944F0640B Kazan RESPUBLIKA TATARSTAN
in Russian 26 Apr 94 p 3

["Decree of the Supreme Soviet of the Republic of Tatarstan: on Implementation of the Law of the Republic of Tatarstan 'On Public Service'"]

[Text] The Supreme Soviet of the Republic of Tatarstan decrees:

1. Implementation of the Law of the Republic of Tatarstan "On Public Service" as of 1 June 1994, except for:

clauses 4, 6, 8, and 11 of part one of Article 13, Article 15, part one of Article 16, part three of Article 17, Article 19, parts one, three, four, five, and six of Article 20, parts one, two, four, five, six, seven, eight,

and nine of Article 23, and Articles 25 and 27-29, which shall take effect as of 1 October 1994;

clause 3 of part one of Article 13 and part two of Article 20, which shall take effect as of 1 January 1995;

clause 5 of part three of Article 18, which shall take effect as of the moment of implementation of the Law of the Republic of Tatarstan "On Citizenship."

2. That until the Laws of the Republic of Tatarstan "On Local Organs of State Power and Administration" and "On Local Government" have been adopted, legal regulation of service in the administrative systems of the local organs of representative and executive power shall be exercised in accordance with this law.
3. That the Cabinet of Ministers of the Republic of Tatarstan shall:

prior to 1 June 1994 present to the Supreme Soviet of the Republic of Tatarstan drafts of a republic program of the reform of public service and laws of the Republic of Tatarstan on the matters specified by the Law of the Republic of Tatarstan "On Public Service";

devise and adopt:

prior to 1 June 1994 the statutes on the procedure of computation of length of service in public service, the procedure of the allocation of official living space and official transportation for public service, and on the amount and procedure of allocation of salary supplements for length of service;

prior to 1 September 1994 statutes on the amount and procedure of allocation of salary supplements for class rank and special conditions of service and others;

prior to 1 June 1994 bring into line with the said law decrees and directives of the Cabinet of Ministers of the Republic of Tatarstan and also provide for the revision and cancellation by ministries, state committees, and departments of the Republic of Tatarstan of their enforceable enactments, including sets of instructions and rules, conflicting with this law.

4. That until legislation of Republic of Tatarstan has been brought into line with the Law of the Republic of Tatarstan "On Public Service," the current legislative instruments shall apply to the extent that they do not conflict with this law.

[Signed] F. Mukhametshin, chairman of the Supreme Soviet of the Republic of Tatarstan
Kazan, 20 April 1994

Tatarstan Opens First Mortgage Bank

944F0638A Kazan IZVESTIYA TATARSTANA in Russian
27 Apr 94 p 1

[Article by Tatyana Korneyeva: "Republic's First Mortgage Bank Established"]

[Text] The Government of Tatarstan has approved documents on the establishment of the republic's first mortgage bank. It will issue long-term credits for the construction of objects of civic and industrial significance. The main application of the mortgage is supposed to be in housing construction.

Market relations are bringing back long-forgotten concepts and phenomena to the housing sphere. The mortgage—or the issuance of credit secured by real estate—is one of them. Although a mortgage law has not been passed yet, a legal basis has been established for introduction of the mortgage in the form of laws on security and privatization of housing. An effective way of resolving the housing problem that is used in the whole civilized world will appear among the residents of Tatarstan immediately after it shows up among Muscovites and St. Petersburgers.

The founders of the mortgage bank are the Tatsotsbank, the housing investment building corporation Housing Initiative, and the Kazhilgrazhdanstroy Association.

According to specialists of the corporation, any potential investor, after drawing up a mortgage for his old apartment or other real estate, can acquire credit for the construction of new housing with the best consumer qualities. Credit will be issued to the extent of 70 percent of the cost of the mortgage.

Although the system of mortgage credit assumes it will be long-term, under conditions of high inflation such possibilities are limited. Therefore at first, until the ruble is stabilized, mortgage credit will be issued for a year and a half or two years. Nevertheless, this will make it possible for a family with even an average level of income to finance the building of new housing.

It is assumed that the Housing Initiative Corporation will take on all the work in drawing up the documents for the planning and construction of the new housing and the sale of the old at market prices. Its aim is to create a closed building cycle, performing the role of a general investor.

The issuance of credits under mortgage on real estate is the main but not the only type of activity of the mortgage bank. It will also engage in the issuance of securities—housing certificates. This system is a form of shared participation of citizens in housing construction. Of course, given the existing high prices, a majority of the people do not have the necessary sums to purchase an apartment. Housing certificates, which record the right of purchasers to an appropriate share of housing being built, will make it possible to buy apartments in parts—in installments. However, it may turn out that many

people will not be able to acquire a certificate even for a square meter of housing. This is taken into account, and the minimum share for which a security can be bought has been established on the scale of 0.1 square meters.

When a family is able to accumulate a sufficient number of certificates for a whole apartment, a certificate of ownership will be drawn up for the family. Moreover, the purchaser of certificates knows beforehand the address of the home being built. If it is impossible to purchase a packet of certificates for the period of its construction, the right to continue to accumulate them is automatically carried over to the next home being built. It is not only well-to-do citizens who will be able to solve the housing question with the help of the system of housing certificates, but also people of modest incomes and those who are unable to get credit because of a lack of real estate.

Sites under new housing construction will be offered to the general investor. Appropriate structures under the head of administration of Kazan have prepared proposals for the allotment of sites to the Housing Initiative Corporation.

The bank will set itself up in one a reconstructed building, which was presented in the form of its share of investment to the authorized capital of the bank by Kazhilgrazhdanstroy—one of its founders.

It is assumed that the opening of the mortgage bank will occur in the near future, after all the documents are coordinated and approved in Moscow.

Kabardino-Balkaria Prime Minister on Revival of Balkar People

944F0618A Nalchik KABARDINO-BALKARSKAYA
PRAVDA in Russian 25 Mar 94 pp 1-2

[Report by Prime Minister of Kabardino-Balkaria G.M. Cherkesov to republic assembly of representatives of Balkar society on 23 March 1994: "Unity of the Republic, Interethnic Accord, and Creative Labor Are the Foundation of the Renewal and Development of the Balkar People"]

[Text] Esteemed Comrades!

Literally two weeks have passed from that moment when, with the participation of representatives of the regions, we marked a sorrowful date in our republic—the 50th anniversary of the violent expulsion of the Balkar people. A lot was said about this barbarous action and its consequences at meetings, rallies, reports, and speeches, and in the mass media. Recalling the past, thinking about the fate of their much-suffering people, about their present and future, and seeing the faces that know hard times so well, the representatives spoke with special warmth, frequently with tears in their eyes, about what helped them to endure, survive, and overcome all the difficulties and adversities, about the friendship and fraternity of the people, and about the need to strengthen

unity and affirm an atmosphere of mutual understanding, trust, and benevolence.

In fact, there was a detailed analysis in those days of the half-century path of the Balkar people, lessons were drawn from history, losses, successes and achievements and existing problems were shown, and the work being done for their rehabilitation was elaborated in detail. The participants in the mournful measures, the Balkar population and residents of the republic, accepted with great satisfaction the appeal of the edict of President of the Russian Federation Boris Nikolayevich Yeltsin and the edict of President of Kabardino-Balkaria Valeriy Mukhamedovich Kokov directed at restoring historical justice and eliminating the consequences of the criminal deportation. The apology given to the Balkar people by the head of the Russian state for the arbitrariness and lawlessness committed against them made a great impression on everyone.

Thus, pressing problems are being resolved logically, and questions that disturb the people are being removed one by one. A significant step has been taken toward meeting the expectations of the people, and good possibilities have been opened up for their revival and development.

It would seem that everything is moving along normally and that there is no reason for anxiety. Nevertheless we are compelled today, putting aside important matters, to meet here together in order to look into the situation that is developing and discuss a number of extremely serious questions that are truly fateful for our people.

You know that the mass media recently carried speeches and statements by O.Y. Beppayev, acting chairman of the National Council of the Balkar people, that flabbergasted and discouraged the residents of the republic and created tension and alarm. You read these pearls, and you are amazed. It simply cannot be believed that they came from a military person who occupied rather high posts in the army, who has seen hatred, malice, blood, tears, and death, and who knows the price of rash, impulsive words and actions. It is offensive and bitter that such views and approaches are professed by a person of whom all of us were proud, whom we so warmly received in the republic, and whom we respected precisely for his dedication to the ideas of peace, friendship, and harmony.

But just what did happen? What is the reason for the metamorphosis that occurred? This can only be guessed. Well, in the meantime we must state with regret that Beppayev's utterances exude a peremptoriness, unsubstantiation, boundless ambition, and irresponsibility. These revelations, if they can be called such, have one purpose—to undermine trust in the authority structures, inflame unhealthy passions, and destabilize the situation. I am confident that nothing is likely to result from this.

However, let us analyze everything without haste and in an orderly manner. Some members of the National Council frequently like to present themselves as the only

spokesmen of the interests of the Balkar people and their genuine supporters and benefactors. In addition, continuous attempts are made to confuse the issue, to convince the uninitiated that the state organs are idle and sit with their hands folded, but they do not sleep for many nights and are working to the limit of their strength.

In this connection I consider it necessary to inform you once more how the work on rehabilitation is proceeding, what has already been done, and what remains to be done. I want to emphasize especially that since the very first days the law of the Russian Federation was published on this question, all the difficult problems associated with its implementation have been consistently at the center of daily attention of the president and the government. Believe me, nothing is done that simply. Each step, every item in one or another adopted document requires a lot of strength, nerves, and time. Of course, no one thinks about this. It is impossible not to talk about the fact that on all questions of rehabilitation the Balkar people are moving ahead of all repressed people. And this is the great service performed by V.M. Kokov. He displays unusual stability and persistence, and uses all his influence and authority to resolve the indicated problems. Thank you for this, Valeriy Mukhamedovich!

One of the key directions of the activity of the government for rehabilitation of the Balkar people is work to overcome the socioeconomic backwardness of the mountain population centers and economies and the creation of the necessary conditions for their normal development. With this aim, at the initiative of the Cabinet of Ministers of the KBR [Kabardino-Balkar Republic], the Government of the Russian Federation adopted a directive on 6 August 1991 outlining a complex of measures to expand housing and sociocultural construction and strengthen the material-technical base of the agrarian sector.

I do not want to tire you with figures and facts, especially since we have written and talked about this more than once. Nevertheless, some of them should be cited. To implement the program developed for 1991, 10.2 million rubles [R] were allocated, for 1992—R199 million. The question arises: Where did this money go specifically? I reply. For the construction of a club in the village of Babugent, the reconstruction of a children's sports school in the village of Kendelen, a kindergarten, a boiler house, and a sewage treatment plant in the village of Verkhnyaya Balkaria, gas installation and the development of projects for the supply of gas to the settlements of Kendelen, Bylym, Zhankhoteko, and Verkhnyaya Zhemtala. Owing to those resources, construction of housing was also conducted in the village of Khasanya, the village of Verkhnyaya Zhemtala, an out-patient clinic in the village of Gerpegezh, a hospital and a kindergarten in the village of Verkhnyaya Balkaria, and a gas supply network and roads for kolkhozes and sovkhozes.

More than R1.5 million in appropriations was allocated from the budget of the Russian Federation last year to finance programs for the development of mountainous population centers and socioeconomic support of the Balkar people. The resources in question were directed at strengthening the material-technical base of facilities in public education, health services, and cultural, municipal, and housing construction.

If anyone is interested, it is also possible to give specific addresses, but such a listing will take a lot of time. I will say only that some of these resources went to the creation of the feature film "Journey to the Edge of Life," which recounts the bitter years of banishment of the Balkar people, the "Book of Recollections," the preparation of a Balkar encyclopedia, the construction of mosques in the settlements of Bylym, Khasanya, and Babugent, and memorials to the victims of genocide and those who died in wars.

In the first quarter of 1994, R820 million was received to pay off credit indebtedness for the past year on construction projects in the mountainous population centers. These resources were earmarked for the construction of hospitals and clubs in the village of Khasanya, a sports complex in the village of Kendelen, the acquisition of mill equipment and a bakery in the village of Kichmalka, a relay station in the village of Khushto-Syrt, a fruit storage facility in Yanikoy, and the reconstruction of the Kashkhatau cannery.

If we are talking about the outlook, according to the Decree of the Council of Ministers-Government of the Russian Federation "On Socioeconomic Support of the Balkar People," there are plans for the erection of a large number of installations of production and sociocultural significance. For these purposes it is planned to construct a Kashkhatau brick plant, expand enterprises of the Elbrusstroy building industry combine, the marshaling yard in the village of Babugent, the lime shop and red lead shop in the village of Khabaz, a number of shops for the output of small wall blocks, untreated tile, and joiners' articles.

Special attention is being given to ensure the employment of the able-bodied population and the creation of additional jobs. It is planned to build a plant for the production of consumer commodities in the village of Kendelen, folk art enterprises in Kashkhatau, Kendelen, Bezengi, Khabaz, and Khushto-Syrt. It is proposed to start development of mining of mineral deposits—bentonite, hot springs, and gold. It is planned to restore the settlements of Guba-santy, Ozen, Glashevo, Uskhur, Chelmas, Kyzgen, and others.

Social rehabilitation has exceptionally important significance in the complex of measures for restoration of justice. Serious work has also been done on this area. Pensions from 1 March 1991 have been recalculated for all who went through the tragedy of the forced expulsion. In fixing pensions for citizens who were subjected to repression, the time they spent in special settlements

(places of exile) is tripled. An increase has also been implemented in the scale of pensions for age for each year of work, taking into account periods stipulated in the Law of the RSFSR "On State Pensions in the RSFSR."

There is also progress in cultural rehabilitation. At present two Balkar professional state artistic collectives are operating in the republic: the Dramatic Theater imeni Kaysyn Kuliyeu and the folklore-ethnographic ensemble Balkaria. The mastery of these collectives is growing from year to year. They make us happy, give us true esthetic pleasure, and have gained popularity and love and recognition not only in Kabardino-Balkaria but also far beyond its borders.

A Balkar theatrical studio has been opened in the North Caucasus Institute of Arts to train artistic personnel. Children desiring to learn the art of the national dance have the opportunity to visit the studio while the ensemble Balkaria is there. All told, about 400 persons of the Balkar nationality are studying in training institutions of culture in the Kabardino-Balkar Republic. Music schools are operating in the settlement of Kashkhatau, the villages of Babugent, Verkhnyaya Balkaria, Kendelen, and Yanikoy.

Measures are also being taken to satisfy the requests of the Balkar population for press products. The republic newspaper ZAMAN and the journals MINGI-TAU and NYUR are now being published here. Pages in the Balkar language are issued periodically in the newspaper SOVETSKAYA MOLODEZH and in the city and rayon newspapers GORNYATSKAYA SLAVA, GOLOS CHEGEMA, and TRUDOVAYA SLAVA. The total circulation of books published in the Balkar language in 1993 was about 60,000 copies. The proportion of these publications in the republic according to titles today is 32 percent, and in volume, 28 percent. The quality of programs of television and radio broadcasting in the Balkar language has improved and the number of hours increased.

A powerful impetus is given to all this work by the Edict of President of the Russian Federation B.N. Yeltsin "On Measures for Rehabilitation of the Balkar People and State Support for Their Revival and Development." This document obligates the appropriate organs in the near future to adopt a complex of additional measures for the political, social, and spiritual revival of the Balkar people. It addresses the problems and return to the motherland of our countrymen from Central Asia and Kazakhstan, grants persons from among repressed peoples new benefits in pension support, and allocates resources for a lump-sum allowance to persons of Balkar nationality who were subjected to illegal resettlement and their families, including children who were born in special settlement places. Incidentally, this question is being examined in the Ministry of Finance of Russia, and we hope that it will be decided favorably. As for the R1 billion coming from the budget of the Russian Federation for these purposes, the Cabinet of Ministers

of the Kabardino-Balkar Republic authorized the Ministry of Social Protection of the Population in a month's time to pay out a lump-sum allowance of R500,000 each to rehabilitated persons of Balkar nationality over 80 years of age, and also to participants in the Great Patriotic War, regardless of age.

The edict of President of the Kabardino-Balkaria Republic V.M. Kokov of 8 March 1994 is truly historic. Its great significance is determined by the fact that this document, if it is supported by our parliament, will perhaps resolve the most severe problems that have been the subject of speculation for a long time. It addresses the renaming of Sovetskiy Rayon to Cherkesskiy Rayon, the restoration of Elbrusskiy Rayon, and the creation of a bicameral parliament, one of whose chambers would be formed on a parity basis. We are convinced that the implementation of this edict will not encroach on anyone's interests and rights and that it will not harm anyone. As V.M. Kokov emphasized at a recent news conference, it is dictated by the aspirations to put an end to confrontation, to cut the ground from under all kinds of extremists, and to ensure peace and accord in our republic.

As we see, a lot is being done to restore justice. I will say more: A unique opportunity exists at present for genuine revival and development of the Balkar people. It must be taken advantage of. Peace-loving and kind by nature, they are interested in civic peace, stability, and tranquility in the republic, and in creative labor. However, judging by some publications, this does not please individual figures. They need discord, intrigues, rallies, and congresses in order to remain afloat and be visible.

How else can one explain the harsh and deliberately confrontational speeches of S.U. Beppayev. Is it really not blasphemous to call the mournful rally near the railroad station square and the meeting of the public "a shameful spectacle" and "a stagnant party aktiv." On what grounds does the general declare that he is supported by almost all the Balkar people? Who empowered him to speak in their behalf, who gave him the right to try to raise doubts about the legitimacy of the leaders of the republic. It is rather paradoxical that a person who has lived for just a short time in Kabardino-Balkaria allows himself to make such statements.

Indeed, it will become known to the general that the peoples of the Kabardino-Balkar Republic, including the Balkar people, voted for the Constitution of the Russian Federation, and voted rather energetically for the election of the president and the prime minister of the republic to the Federal Assembly. This means that the Balkar people trust the leadership of the republic, approve and support its program of actions, and share its position and views on fundamental questions.

Esteemed Comrades!

Today the leaders of rayons, cities, villages, and settlements, deputies, members of the government, the scientific and artistic intelligentsia, in other words the pick of

the nation, have assembled in this hall. We are the sons and daughters of our long-suffering Balkar people. And to us, of course, its fate is not a matter of indifference. If this is so, we cannot today pretend that nothing is happening, remain silent, and live according to the principle "it is no concern of mine," or "we will see what will come out of this."

To our great regret, some of our comrades, people who work in responsible posts, are not showing themselves to be fighters, they are passive, they temporize, they want to be good for everyone. This unquestionably does not become them. The writers, poets, artists, painters, and scientists have not made their weighty utterances yet. We must put the question today in a tough way—it is time to take a position and to find in yourself the courage to talk about this frankly. You cannot sit immorally on two chairs.

After all, we are not talking about something petty and personal. We are talking about reputation, honor, dignity, about destiny, specifically about the fate of the people. This is the question: Either they will follow the path of peace, accord, creativity, cooperation, and progress, or they will be doomed to new suffering and deprivation.

Is it really not clear to us that hotheads and figures who are inclined to be extremists have an excessive desire to destroy that which was created over many decades and centuries, that they want to reduce to naught the tangible results achieved in recent years through joint efforts in the rehabilitation and creation of pleasant conditions for the socioeconomic and cultural development of the Balkar people? Is it really possible to look at all of this calmly? Is it really permissible to remain silent and, what is more, to assent to it?

No, we must, we are bound to give a decisive rebuff to those (and it is a small group of people) who are pushing the people to the abyss, those who in their unseemly affairs are trying to hide behind their name. Our duty is to explain to the people, especially to the youth, who is who, who is trying to do what, and to what the aggressive speeches, vanity, and excessive ambition of individual politicians may lead. We have to do everything to ensure that people believe us and follow us, not those who are excessively suspicious, offended, woolgathering, and irresponsible leaders—impostors.

There is no need to talk about what difficult times our country is experiencing now. And, alas, it seems there is no ray of hope. This year also promises us little. It is already becoming clearer and clearer to a large number of both politicians and ordinary citizens that confrontation, opposition, scandals, and fighting are ruinous, and that they threaten the existence of the state itself. The only salvation is to strengthen legality and law and order.

This truth is urgent in an even greater degree for our country. We can no longer in any way spend precious time, forces, and energy on explaining relations and on fruitless discussions and arguments. It is necessary for all

of us now to work on the economy. How to stop the decrease in standard of living of the population and the reduction in production, how to achieve the stable operation of enterprises of all forms of ownership, kolkhozes, sovkhozes, and individual farms, what must be done so that people have jobs and receive wages on time, so that they can walk the streets without fear, teach and rear their children in peace, and look to tomorrow without fear—this is what we have to think about, it is toward this that the efforts of state organs and public associations, and all of us together, should be directed. Only together will we be able to resolve these problems. No one will be able to pull out of the crisis, out of the poverty and need, by acting alone. This really is what the experience of the republics of the former USSR, now sovereign states, and the sad fate of even such giants as Ukraine tells us.

We have outlined great plans, including on the development of mountainous population centers, mountain farms, and full rehabilitation of the Balkar people. We are fully resolved to bring this work to its logical conclusion. Let no one hinder us.

The majority of the Balkar people always was and is for the integrity of the republic. Separatist slogans and appeals are foreign to it. The people associate their present and future, their dreams and hopes, their successes and achievements with their own united and indivisible Kabardino-Balkaria, with friendship and fraternity with Kabardin, Russian, and other peoples who live in the republic. They realize deeply that the unity of the Kabardino-Balkar Republic, interethnic accord, and creative labor are the basis and indispensable condition for revival, development, and prosperity. No one will be able to deceive the Balkar people, confuse them, or force them to change the traditions and precepts of their forefathers.

I thank you for your attention.

Kabardino-Balkaria Communists Support Membership of RF

944F0616A Nalchik KABARDINO-BALKARSKAYA
PRAVDA in Russian 31 Mar 94 p 1

["Statement of the Communist Party of the Kabardino-Balkar Republic Executive Committee"]

[Text] Dear Comrades!

The appeal of the republic assembly of representatives of the Balkar community to the peoples, political parties, and public associations was perceived by the Communist Party of the republic with approval.

The communists of Kabardino-Balkaria consistently advocate with all patriots and internationalists the integrity and unity of the republic within the indivisible Russian Federation. The centuries-old friendship and fraternal unity of the Kabarda, Balkars, Russians, and all

other peoples of our republic is the most valuable property of all that was bequeathed us by our forefathers. These relations helped us endure in the years of the wartime adversities, famine, and repression. Only by preserving them will we overcome the present serious situation also. The communists support the efforts of the president, parliament, the government, and all parties and national movements aimed at preservation of the unity of the Kabardino-Balkar Republic.

We condemn the irresponsible statements of individual leaders of the National Council of the Balkar People concerning the division of Kabardino-Balkaria and regard them as an attempt to destabilize the peaceful situation and to incite interethnic strife in the republic.

The Communist Party of the Kabardino-Balkar Republic Executive Committee calls on the working people, communists, parties, and movements to make every effort to preserve the unity of Kabardino-Balkaria and peace and tranquillity in our native home.

[Signed] Communist Party of the Kabardino-Balkar Republic Executive Committee.

Nalchik

29 March 1994

Kabardino-Balkaria Consolidation Party Outlines Goals

944F0616B Nalchik KABARDINO-BALKARSKAYA
PRAVDA in Russian 31 Mar 94 p 2

[Report on interview with Eduard Gazizovich Umarov, chairman of the Kabardino-Balkar Republic Organization of the Consolidation Party; place and date not given: "Consolidation? So, Then, We Can Breathe Easy..."]

[Text] "You would like to see our republic wealthy, attractive, prosperous? You would be pleased to see the appearance of a whole network of new enterprises and hundreds and thousands of extra jobs? You would take pride in seeing shops treating wool and garment factories operating in stable fashion? The burgeoning of mining industry in our abundant region with its priceless minerals? High-quality machine tools not hacking up but cutting the Khabaz and Bezengi stone according to specifications? And there is hardly a fellow countryman who would not want to turn the Elbrus region into a second Switzerland, if not better. The currency resources of foreigners involved in business, whom we are not as yet "luring" to the center of our beauties to the republic's benefit, would help here....

"And if you want all this, if you are interested in people's relations being not on a national and political basis but according to professional attributes, with a keen desire for property, peace, and prosperity, come to us!"

This was the conclusion of the sincere and ardent introduction to an interview with Eduard Gazizovich Umarov, chairman of a new party registered by the

Kabardino-Balkar Republic Ministry of Justice on 3 February 1994. It is called the Kabardino-Balkar Republic Organization of the Consolidation Party.

Here are some extracts from its rules: "The KBRO [Kabardino-Balkar Republic Organization] of the Consolidation Party is a political organization voluntarily uniting in its ranks citizens of the Russian Federation who are permanent residents on the territory of the Kabardino-Balkar Republic and who recognize the program and rules of the party and also the rules of the KBRO of the party....

...The main goals... are:

the revival of Russia as a distinctive, historically unique state and of the Kabardino-Balkar Republic as a component of the Russian Federation uniting in peace and harmony people of different nationalities, religious beliefs, and professional, social, and property position on the principles of democratism, civic unity, patriotism, equal opportunities, the priority of the highest value—human dignity—and responsibility for the country and the fate of future generations.

To achieve the said goals... it will participate in elections to the representative organs of power and local government, with its own slate of candidates for deputy included, take part in the established procedure in the formation of the organs of state power and administration and also local government, and exercise legislative initiative;

appear in the news media and the party press....

maintain direct contacts and relations among public and political organizations of other components of the Russian Federation....

create research, analytical, and sociological centers for the study of public opinion, the needs and requirements of the citizens...."

The rules say also that a citizen of Russia who has attained to the age of 18 and who recognizes the rules of the KBRO of the party, who renders it support, and who is a permanent resident on the territory of the Kabardino-Balkar Republic may be a member of the KBRO of the Consolidation Party.

Party members do not pay dues. The monetary resources and other assets of the KBRO of the party, the rules say, shall be formed thanks to the voluntary contributions of organizations and citizens and income from its own industrial-economic and publishing activity and also from other receipts authorized by legislation.

At an organizational session of the new party (its action committee was made up of about 30 persons) those who spoke noted the vital nature of the party's base principles. They said that its program would determine the prospects of the socioeconomic development of the country and, consequently, of our republic also.

Of course, I immediately inquired after the sources of the event, how and in what connection the party chairman

had conceived of its creation in Kabardino-Balkaria, and what altogether the Consolidation Party of Russia represents.

Instead of answering, Eduard Gazizovich showed me the journal DELOVYYE LYUDI with a striking, well-designed cover. It contained a portrait of Aleksandr Tikhonov, the prominent Russian entrepreneur and general director of the Interural Enterprise. He has been chairman of the Consolidation Party of Russia since October 1992, apparently.

"An entrepreneur in politics?" I expressed surprise.

Here my interlocutor smiled silently. He then showed me a page of the newspaper KURANTY:

"A journalist put to the person himself, Tikhonov, the same question...."

Much did, indeed, become clear from a reading of Aleksandr Anatolyevich's interview with a KURANTY correspondent.

The Interural Enterprise is a multiprofile enterprise and it has been involved in the production and exports of metal products, the development and assimilation of new technology, wood processing, and the production of building materials and consumer goods. It is apparent that business has been oriented toward the realization of social programs. Modern installations for the packing of meat and equipment for the production of sanitary engineering apparatus have been purchased, clothing is made up, and nails and cement are manufactured. In Nizhniy Tagil, where mountains of slag had grown up, its conversion was organized together with German and Swiss firms. But... enterprise has become increasingly difficult. The preposterous taxes are unsettling people. It was then that the idea of becoming involved in politics, which formulate the rules of the game, began to mature. After all, it can be seen more clearly "from inside" what kind of laws should emanate from the state so that those who are responsible for the economy might breathe more freely. It should dictate the rules to the politicians, not the other way about. Tikhonov believes that it is very important to create in Russia a procedure which would encourage production, not throw wrenches in its works. And I am sure that the activity of a highly skilled, honest entrepreneur might even lead to some amendment in the law which would improve the work of the enterprise and the ordinary worker.

For this reason he created a party, as he said, with a unifying principle—creation is possible only in a stable society. I do not understand, Tikhonov said, the politicians—of both right and left—who are exacerbating the situation in the country!

The Consolidation Party advocates a diversity of forms of property and a multistructured rural economy and everything being done intelligently. At the end of the interview the chairman of the Consolidation Party of

Russia shared with the KURANTY correspondent recollections of how he, as an entrepreneur, had frequently traveled abroad. And had seen the following picture: In one room the politicians of two countries were negotiating, in another, businessmen from both sides. And before the adoption of a political decision, the first would inquire of the second: We have now considered questions with a bearing on such-and-such economic problems; what is best here? And the latter would make suggestions....

"Eduard Gazizovich," I tore myself away from the newspaper article, "the idea that the most adept politicians could emerge from the ranks of entrepreneurs is clear to everyone. But let us return to our party. How might Aleksandr Anatolyevich Tikhonov help it, a branch of the Russian party, initially?"

"Everything will depend primarily on us, on an expansion of the circle of business people wishing to join the party. Not simultaneously and not all at once but certain heights may be scaled and ties to overseas firms established. We need to create an original economic basis. To strengthen our intermediary role in the organization of foreign tourism via Interural, say.

"Foreigners involved in business would be told that people are not fighting each other here. They would prepare tourist packages for us, we would drive them around here and offer billionaires family recreation in the mountains of the Elbrus region and at the Goluboye lakes and Chegem waterfalls. We would, crudely speaking, force out foreign currency, which we would immediately allocate for social needs. Tikhonov has connections with the countries that have the most modern drilling equipment, rock drills (Italy, Germany), Swedish cars.... Of course, they will not invest a kopek for us in this work unless there are dependable guarantees from the center. Our membership of the Consolidation Party of Russia, which many of the world's businessmen recognize, could be this distinctive guarantee....

"Of course, in order to put things on as broad a footing as possible, all of Russian power, we need to increase the number of party members, explain to people the meaning of its work...."

"Eduard Gazizovich, you are known and respected in the republic as an experienced, professional worker in the public utilities sphere. If you have resolved to put your economic knowledge at the service of policy, prosperity, and consolidation, I would like to wish you well and wish you success. Our newspaper always supports peaceful, profoundly considered initiatives. And we will, most likely, meet several times more for a discussion on this theme."

"I am sure of it. Only let people respond, may they wish to realize our ideas together with us. My office number is 9-77-64.

Kabardino-Balkaria Industry Minister Reports on 1993

944F0617A Nalchik KABARDINO-BALKARSKAYA
PRAVDA in Russian 26 Mar 94 p 3

[Account of report of B.K. Shukhostanov, minister of industry of the Republic of Kabardino-Balkaria; place and date not given: "Industrial Upturn—Not Only an Economic but Also a Social Problem"]

[Text] As already reported in our paper, there has been a meeting of leaders of the republic's industrial enterprises. A report on the results of work in 1993 and the tasks to stabilize the situation in the present year was delivered by B.K. Shukhostanov, minister of industry of the Republic of Kabardino-Balkaria.

He observed that the situation in the republic's industry was characterized by the continued decline in production, a reduction in investment activity, the low solvency of the enterprises, and difficulties in the sale of the finished product.

At the same time an analysis shows that the first signs of an easing of the crisis situation appeared in the latter half, although the situation has not been stabilized completely.

Despite the fact that in the mechanical engineering complex production constituted 96.7 percent of the 1992 level, far from all enterprises operated at the proper level, and 12 out of the 21 showed a decline in production of more than 10 percent. Some managers reduced their size considerably, not appreciably increasing wages or running up enormous bank credit debts here. These included the Sevkavrentgen, Terekalmaz, the Prokhladnyy Maintenance Plant, the SKEP, Nalchik Telemechanical Apparatus Plant, NZPP, PZPP, and others.

A characteristic feature of the decline in production in this sector was the reduction in the manufacture of high-technology and intricate products. Thus the production of instruments and means of automation declined 37.9 percent, of medical equipment, 28.5 percent, high-voltage apparatus, 19.8 percent, and electronic equipment products, 54.1 percent.

Particular difficulties were experienced by conversion enterprises of the defense sectors, of which there are six on the territory of the Republic of Kabardino-Balkaria, which employ more than 10,000 persons. Conversion programs of modernization and retooling and renewal of the product list approved in the appropriate departments and committees of the Russian Federation and included in the Federal Conversion Program have been devised for them. Realization of the latter will make it possible thanks to a change in the production structure to create capacity for the manufacture of civilian products and consumer goods worth R5 billion a year in prices of the first quarter of 1993 and to preserve jobs.

But under the conditions of the strict financial and resource limitations the conversion programs are not in

practice being funded and are not being fulfilled. The task of the current year is to ensure the allocation of credit resources in full and to reorient these enterprises toward the civilian sector of the economy at an accelerated pace.

No less disquiet is being aroused by the iron and steel sector, which constitutes 19.7 percent of the republic's total industrial production, and the results of the work of the TVMK are directly reflected in the living conditions and living standard of the population of Tyrnyauz. The main problem for the TVMK and GMZ in the year under review remained the limited nature of the sale of output on account of the high prices, which exceed domestic and world prices by 25-30 percent, the insolvency of the consumers, and the unchecked growth of the price of energy. As a result the works' indebtedness to suppliers, the treasury, and the banks constituted R10.516 billion, of which for electric power, R7.119 billion.

The president and the government of the Republic of Kabardino-Balkaria are constantly rendering the utmost support in the solution of the problems that confront the metallurgical sector. Thanks to this, the question of the depositing in the state reserves of the Russian Federation of 750 tonnes of metallic tungsten was solved, which made it possible to maintain relatively high production in the past year.

Within the framework of state support for the sector it was decided to grant the TVMK long-term investment credit for modernization and the preservation of capacity totaling R1.25 billion and to halve the tariff on energy allocated for its needs. The leadership of the republic found an opportunity to purchase and deposit in the state reserves R700 million of concentrate from the working capital allocated the Kabbalkkontrakt.

The situation in light industry, which perceives the severance of business ties with the suppliers of raw material from CIS countries and the sharp reduction in effective consumer demand the most, remains difficult.

The decline in production in this sector constituted 31.6 percent. A particularly alarming situation has come about at the Iskoz Works, the Garment Association, the Nartkalinskiy Production Combine, and the Kubinskaya Footwear Factory.

It is essential to adopt special measures to halt the complete disintegration of the republic's light industry and find an opportunity to resolve its problems not only and not so much thanks to assistance from the federal authorities but by reliance mainly on our own powers and the use of intrinsic reserves and resources.

In conjunction with enterprises of light industry the ministry drew up and approved last year a program of intersectoral cooperation based on the Iskoz Works. It provides for the assimilation of new product types at eight enterprises of light industry, which, it is forecast, will provide significant economic benefits and will exclude their dependence on suppliers from other

regions. It is essential subsequently to continue work in this direction with the involvement of enterprises of the mechanical engineering complex also.

There is also a need now for the elaboration and introduction of a system of a republic (Republic of Kabardino-Balkaria) government contract for products constituting the consumer basket, basic necessities, and commodities of a social focus. This would contribute to the filling of the market with affordable consumer merchandise and would stabilize industrial enterprises' relations with trade. Another lever, of which more efficient use needs to be made, is the privatization as soon as possible of enterprises of light industry in the form of their sale at public auction on a competitive basis. And use of the monies earned for the creation of new jobs and investments in programs of the structural reorganization of light industry.

A year ago we considered the "weakest points" the decline in production and the sharp reduction in investments in the national economy inasmuch as this was jeopardizing the structural reorganization of the economy and emergence from the crisis. But with time the accents have begun to shift. An analysis of the actual processes occurring in the country leads to the conclusion that it is not the decline in production but social problems, unemployment primarily, which have become critical today.

The present year could be worrying in this respect. According to preliminary estimates, more than 3,500 persons will be laid off. This means that it is necessary to devise a set of measures stimulating tax privileges for the enterprises and entrepreneurial structures which create new jobs and increase output.

The wages of the employees of industry of the Republic of Kabardino-Balkaria remain extremely low. In December they constituted only R59,329 against an average in the Republic of Kabardino-Balkaria as a whole of R84,200, and in the Russian Federation, of R141,200.

Ministry enterprises continued to experience serious financial difficulties also. True, R16.626 billion of profit were obtained. But the enterprises' contribution to the formation of the republic budget is extremely uneven. The largest profit was obtained by the Kavkazkabel, the Machinery Plant, and the Avtozapchast. Nine enterprises are unprofitable, and their sum total of losses constituted R294.6 million. These include the SKEP, Tekhnopribor, and TZNVA plants, the Kubinskaya Footwear Factory, and others.

The level of profitability remains low also. Thus with an annual production of R1.288 billion Telemekhanika obtained a profit of only R2 million. This means that the outfit did not form the necessary accumulation fund and did not participate in formation of the republic budget.

The shortage of enterprises' own working capital under the conditions of the wholesale increase in prices and the

limited availability of credit resources has caused a most acute nonpayments crisis. The extent of customers' arrears past due for supplied products, jobs performed, and services rendered owed enterprises of the ministry constituted R10.463 billion. At the same time, on the other hand, our enterprises' accounts payable to suppliers constituted R14.365 billion.

A reason for this complication of the financial situation was the lack of requirement for individual types of products, as a result of which remnants thereof at warehouses constituted R13.862 billion. The problem in this sphere could be eased to a certain extent by the involvement of the Kabbalkkontrakt in the sale of the industrial product of enterprises of the republic. It is essential also to revive the functions of the former state wholesale depots, which undertook professionally both the purchase and sale of our commodities.

The new market structure has today become a reality. There are outfits that have already adapted to its conditions. Their managers did not wait for spectral assistance or instructions from above but created multiprofile production and increased the independence and responsibility of the structural subdivisions. These include the Machinery Plant, the Kavkazkabel, the Machine-Tool Plant, the Avtozapchast, and others. They are increasing production and solving questions of sales and nonpayments independently.

Many problems should be resolved by privatization. It is being perceived ambivalently in the republic. Because, most likely, we have yet to obtain the results we were entitled to expect. The actual progress of privatization is not exerting a pronounced influence on production efficiency. It is frequently of a formal nature and is pursued as an end in itself. The unjustified appropriation of state property is taking place, the manageability of the economy is declining, and the privatization process itself is being discredited. It is sufficient to say that at check auctions a substantial part of the shares of the Televomatika and High-Voltage Apparatus plants ended up with three or four persons who had dubious sources of income and who had never had any connection with these outfits.

It should be noted that the current privatization program is geared to the accomplishment of a utopian idea—making all citizens of Russia subjects of private property with the aid of vouchers. Whence a whole number of negative consequences. For this reason it is proposed, without calling in question the need for privatization, to correct some of its conceptual principles.

In conjunction with enterprises of the republic the Ministry of Industry of the Republic of Kabardino-Balkaria also conducted a "stock-taking" and review of the program of structural reorganization of industry of the Republic of Kabardino-Balkaria with a view to concentrating resources in the priority areas. Today the task is to provide them with real sources of financing. And these may appear only with the inclusion of our programs in

federal programs such as Conversion, Fuel and Energy, Equipment for the Agro-Industrial Complex, the Farmer, Consumer Goods, and so forth. Thirty-two projects have been devised altogether.

But the structural reorganization of the economy, an acceleration of scientific and technological progress, and an increase in enterprises' competitiveness must be organized in the expectation not only of government support but also on the basis of the active enlistment of private and joint-stock companies and joint ventures and their capital in the renewal of production.

The Government of the Republic of Kabardino-Balkaria will support primarily those who can step up their business activity, normalize their financial situation, and ensure profitable work under the conditions of the market.

There are opportunities for creating the conditions for an escape from the crisis in 1994. Sufficient production engineering, scientific, and personnel potential is preserved as yet. The actual timeframe and scale of realization of this potential, however, will largely be determined by organization and a capacity to tackle the tasks confronting the republic's industry. They consist of a halt to the general decline in production. Together with winding down and changing the production structure of nonviable works it will be necessary, furthermore, to stabilize the manufacture of products in demand and create the conditions for the revitalization and development of promising types of activity shaping the republic's actual economic potential.

The accomplishment of these tasks will depend to a considerable extent on the ability of the corps of directors to resolve under the present difficult conditions the problems confronting the work force, initiative, and an ability to get one's bearings under the complex conditions of the market. V.M. Gukepshev, director of the Nalchik Footwear Factory, called attention to the fact that an increase in the price of electricity would complicate even further the situation at the enterprise, which lacks working capital to purchase materials. Nor, as before, is their quality satisfactory either, on account of which our footwear cannot compete with foreign footwear and is not in demand. These difficulties are typical of light industry as a whole, and for this reason they worry M.O. Karmova, director of the Nalchik Leather Notions Factory, also.

A whole number of questions concerning the further development of instrument making was broached by the following directors: R.E. Buterus of Kavkazkabel, V.Kh. Khabitov of Elektronmash, V.F. Tishchenko of the NZPP, and A.Kh. Akhokhov of Telemekhanika. The latter also voiced a number of criticisms of the Ministry of Industry of the Republic of Kabardino-Balkaria. The proposal of D.A. Miziyeu, director of the TVMK, concerning the creation on the River Baksan of a hydroelectric power station cascade, which would resolve the problem of the republic's power supply, was interesting.

Yu.K. Altudov, chairman of the State Property Committee, familiarized those present with the progress of the privatization process here. He affirmed that only half of the enterprises outlined by the program had taken part in check auctions as yet and that the slowing of the process of privatization was being reflected both in the psychological restructuring of the work force and in investment in production. The far from brilliant situation on the labor market was portrayed by L.V. Pogrebnyak, minister of labor and employment. The need for an improvement in the tax and banking systems was described by Minister of Economics M.N. Tsikanov and V.K. Sokhov, vice premier of the republic.

The debate was concluded by V.M. Kokov, president of the Republic of Kabardino-Balkaria. He emphasized that the period of political wrangling was over and that the Constitution of the Russian Federation had been adopted. We have all seen for ourselves that the people cannot be fed by slogans, and for this reason the purpose of our entire activity must shift in the direction of the economy. And the most acute problem, what is more, is industrial upturn. A considerable part of the population of the republic, producing material benefits, but living from pay packet to pay packet, is employed in it.

Unfortunately, he observed, the speeches of the corps of directors contained more complaints than actual proposals. Nonetheless, the situation cannot be considered hopeless. We have a Ministry of Industry, which, with the support of the Council of Directors, should be the coordinating body and intermediary in a solution of our problems in the center.... And great assertiveness locally should be displayed by the administration chiefs. They have ceased involving themselves as of late in questions of production, have lost contact with the work force, and are unaware of its problems.

But the main complaints were leveled at the enterprise managers. V.M. Kokov recalled how many demands had been heard concerning the need for protection against party diktat and the strict planning framework and for independence and freedom of action to be granted. Sufficient time has passed, and if some directors have been unable to reorganize, it is hard to expect this now. The government is trying to support industry. But the Bankruptcy Act will be applied in respect to enterprises that are unable to restore production in the very near future.

Lest they perish one by one, the way out of the critical situation for native enterprises could be the creation of industrial and financial groups, which would include those involved in wood processing, the creation of equipment and cable products for the oil workers, and so forth. This would make it possible for them to have their own finances and their own bank and, consequently, conditions for maneuver and product replacement, without which hoping for a production upturn is currently impossible. There are reserves within the republic, and more initiative and perseverance in their use need to be displayed. We have approached the critical line, V.M.

Kokov said, but the present year must be a turning point for the industry of Kabardino-Balkaria.

Komi Election Campaign Surveyed

944F0614A Moscow NEZAVISIMAYA GAZETA
in Russian 15 Apr 94 p 3

[Article by Alla Barakhova: "There Are Four Contenders for the Post of President. The Election Will Cost the Taxpayers Three Billion Rubles"]

[Text] The last stage of the election campaign has begun in the Republic of Komi. Several days ago the Central Electoral Commission registered four candidates for the post of head of government who have received the number of votes necessary for registration. Aleksandr Gladkov, general director of the Inta-Ugol Concern; Yuriy Spiridonov, chairman of the Republic of Komi Supreme Soviet; Vyacheslav Khudyayev, chairman of the Republic of Komi Council of Ministers; and Valeriy Markov, chairman of the State Committee for Revival of the Komi People, who came out in favor of the rights of the Komi people codified in the law, became the contenders. All the candidates have yet to release the final versions of their election platforms.

Recently Chairman of the Council of Ministers Vyacheslav Khudyayev has been voicing in interviews and public presentations the opinion that now is not the time for the election; the situation in the economy is too difficult. The 3 billion needed to elect the head of the republic and the deputies of local soviets will have to be taken away from teachers, physicians, and other employees of the sector financed from the budget. These statements are being received in various ways. Khudyayev's supporters view them as showing concern for the people, and his opponents—as indicating a desire to frustrate the elections. Incidentally, according to a public opinion poll, Khudyayev's rating is the lowest, with the current head of parliament, Yuriy Spiridonov, ranking first.

Vigorous actions taken by Spiridonov to defend the interests of the republic while serving as head of parliament are contributing to his success.

Thus, at a press conference concerning the results of a regular meeting of the Federation Council, Yuriy Spiridonov, chairman of the Republic of Komi parliament, stated that the law on guarantees and compensation for northern territories was not taken into account in development of the 1994 federal budget of the Russian Federation; the budgets of krais and republics are expected to assume a proportion of federal spending. In this case the entire burden of expenditures will devolve on enterprises. In the opinion of Yuriy Spiridonov, only radical changes in tax policy can improve the existing situation and make the output of northern enterprises competitive. Referring to the results of joint hearings on the north in the Federation Council with the State Duma, Spiridonov stated that an agreement among deputies from the northern regions exists under which

the deputies intend to block passage of the budget if the draft of the document does not envision complying with the law on the north. The decision of a session of the Republic of Komi parliament on reducing tax transfers to the federal budget from 13 to 8 percent will take effect on 15 April.

Ilyumzhinov's First Year in Power Assessed

944F0614B Moscow NEZAVISIMAYA GAZETA
in Russian 14 Apr 94 p 3

[Article by Igor Yemelyanov under the rubric "Kalmykia": "Adoption of the 'Code of the Steppe' Instead of the Constitution Did Not Shake the Republic, but It Did Rally the Opposition"]

[Text] Kirsan Ilyumzhinov was the first leader of one of the 16 autonomous entities within Russia to openly accommodate Moscow, which seemed to many after his statement on 11 March to be to the detriment of his own people's interest.

Yuli Oglayev, an associate professor of Kalmyk State University and the leader of the opposition, called the condition of society in the initial hours following Ilyumzhinov's statement on cancellation of the republic constitution one of shock: "Just as in all of Russia, our life before 11 March was hard but peaceful. Kirsan blew up the peace." The explosion resulted in the creation of a public Committee in Defense of the Constitution, Citizenship, and Human Rights, which representatives of 16 parties and movements joined, and the convocation by them of the Extraordinary Congress of the Nations of Kalmykia.

Communists, democrats, and nationalists united for the first time in order to defend the republic Constitution, which each of them viewed as serving their interests.

However, neither the congress nor the two rallies in front of the parliament building (on the first occasion 500 people attended, on the second—about 1,500) interfered with Kirsan Ilyumzhinov seeing the endeavor through to a victorious end. On 5 April the Constitutional Assembly of Kalmykia voted almost unanimously in favor of the draft proposed by the president as recently as three weeks ago. The Code of the Steppe replaced the Constitution of the republic. Attempting to prove the illegitimacy of what had happened, representatives of the opposition gave examples of ways in which citizens had ended up as delegates to the Constitutional Assembly. They had gotten there in an undemocratic manner, by directives from on high. At present the public committee intends to contest the outcome of the voting which was favorable to the president in the Constitutional Court of Russia.

In Ilyumzhinov's words, introduction of the draft pursued several objectives: to determine the level of ethnic self-awareness, to figure out the groups held together by "anti-Kirsan sentiment," to find out the attitude of other republics toward anyone that "goes back" to Moscow

and the response of Moscow itself to such, and finally, to verify how his own entourage "takes a punch." As the president stated, "my suppositions were borne out 100 percent." In the opinion of the president, the level of self-awareness turned out to be quite high. He believes that state and party officials have formed the previously quite languid opposition together with new leaders from among the professors and representatives of the Ayrat National Party. "Weaklings" were revealed among his confederates: Kirsan's former best friend, the editor of IZVESTIYA KALMYKII, Koneyev, came out with a protest against the Code of the Steppe (he was forced to quit of his own accord). They also replaced the leader of the republic TV and radio who, in the opinion of the president, was not on the ball. The poet David Kugultinov, whose outrage was promptly transmitted on ITAR-TASS channels, calmed down after a talk with Kirsan, and spoke with inspiration in defense of the presidential draft at the Constitutional Assembly. In the process, some people in the audience had to wipe away tears.

The official response of Moscow is not quite clear at this point. The republics have responded to the Kalmyk demarche in a very guarded manner, especially Tatarstan and Chechnya.

In the assessment of both independent analysts and those from the opposition, the Code of the Steppe perceptibly reinforces the power of the president, which is far from weak to begin with, and ordains much closer legal and economic integration within the framework of Russia than was previously the case.

Responding to a question about when Kirsan Ilyumzhinov, to whom the right to schedule the convocation of the Khural is delegated under the new main law, will do so, the president responded: "I have set a time for myself, but we will still consult the parliament." Members of the parliament for whom the Khural means the end of their activity in political life will possibly try to delay this time. However, Kirsan Nikolayevich intends to insist on as early as the beginning of next year.

For all most extensive powers of the president, the Khural in particular remains a legislative straw at which those unhappy with the current state of affairs may very well grasp and try to implement their plans to "contain" Ilyumzhinov, and if it works out, use a referendum for new presidential elections. In the opinion of experts, for now the opposition's chances are not good: The population of Kalmykia is more concerned with its own everyday problems rather than political battles on high, and faith in a strong leader as personified by Kirsan Ilyumzhinov has not ultimately been lost.

Does the president have something to boast of on the anniversary of his election and the adoption of a new law? According to data from the republic administration of statistics, a recession is being registered virtually everywhere. Sales on the market have fallen 30 percent; freight carriage by motor vehicles is down to one-half; in

the villages they are slaughtering cattle; of 5,200 unemployed, people under 30 account for almost one-half. To be sure, according to data from the same administration of statistics, the crime rate in the republic went down 18 percent last year, and the president stated officially that he has put an end to racketeering in Elista (which incidentally was confirmed by merchants at stands operating around the clock).

Stratification in terms of assets and unemployment is the most serious problem in Kalmykia, which has been aggravated precisely in recent years. The gates of the Monitor demonstration combine are closed; the workers have been on furlough since January. Most of those who worked at the Zvezda plant where the labor biography of the Ilyumzhinov brothers began are also taking a break.

However, Ilyumzhinov is upbeat despite everything. He promises that the largest tanning factory in the Caucasus will be started up. The Lockheed company, which intends to build a large international airport in the vicinity of Elista, should begin operations in the same month. However, the plant is indeed half a step away from "burying China and Germany under Kalmyk products," whereas everything concerning the airport is still hazy.

Elista is quite clean; old ladies with brooms are seen in the morning. The city is quite festive—the president pays for concerts on a square in front of the parliament building which have already been visited by the "stars." Milk is 500 rubles a liter, and hardly any beggars can be seen. However, many people expected more of the president. At present Ilyumzhinov frequently reminds us that his program of transformations is devised for five years, while only one year has passed so far.

Chelyabinsk Duma Deputies Petition Yeltsin on Admin Chief

944F0620A Chelyabinsk *CHELYABINSKIY RABOCHIY*
in Russian 8 Apr 94 p 2

[Petition by V.S. Grigoriadi, V.I. Golovlev, A.L. Kushnar, A.P. Pochinok, and V.P. Utkin, State Duma deputies from Chelyabinsk, addressed to Russian Federation President B. Yeltsin, dated 10 March 1994, under the rubric "Official": "Deputies of the State Duma From Chelyabinsk Ask the President To Appoint a New Head of Administration"]

[Text] The press has already reported that Deputies of the State Duma from Chelyabinsk V. Grigoriadi, V. Golovlev, A. Kushnar, A. Pochinok, and V. Utkin have sent a letter to President of Russia B. Yeltsin in which they make a critical assessment of the socioeconomic and public policy situation in the oblast and ask that the issue of appointing a new head of the oblast administration be considered.

The deputies have approached the *CHELYABINSKIY RABOCHIY* editorial office with a request to familiarize the voters with the full text of their appeal and made it available for publication.

To President of the Russian Federation B.N. Yeltsin

Esteemed Boris Nikolayevich!

All the deputies representing the 4 million inhabitants of Chelyabinsk Oblast in the Federal Assembly are appealing to you.

We support the economic transformations you are implementing. Although we belong to different political groups (Russia's Choice, the Party of Russian Unity and Accord), a problem has brought us together which, as we see it, has reached crisis level—the state of affairs in Chelyabinsk Oblast.

Since we have a realistic notion of how complex and contradictory the political and economic situation in Russia is, we are convinced that resolution of the main problems associated with the processes of reforms and reinforcement of the Russian state in leading industrial territories, of which Chelyabinsk Oblast is one, would have proceeded more effectively and in keeping with the main bearings and directions you have clearly outlined in the Message to the Federal Assembly Deputies had the executive authorities of regions pursued the course of the president unswervingly and consistently.

Owing to the consolidation of progressive forces in Chelyabinsk Oblast, our territory was one of the regions that unconditionally supported the president and the course pursued by him. This is confirmed by the results of voting during the election of the president of the Russian Federation in June 1991 and the referendum in April 1993. Unfortunately the opposite trend has been registered lately: a fall in the rating of the president and his course. Here is proof:

- the results of voting on 12 December 1993 (our territory ended up being the only one among the krays and oblasts to not have representatives on the Federation Council);
- voting on ratification of the Constitution came close to failing, which gave our political opponents the pretext to call the results of the vote into doubt;
- a considerable reinvigoration of oppositionist forces in the region has been registered, primarily the rapid growth of the number of supporters of the Liberal-Democratic Party of Russia.

Abuse of the president's trust is becoming a practice expressed in violations of the law and deliberate failure to carry out the edicts of the president and is creating an environment of irresponsibility and permissiveness. This is confirmed by the findings of a commission of the Central Electoral Commission which operated in February of this year concerning failure to carry out a number of presidential edicts, a letter from Deputy Chairman of the Government A. Chubays (No. ACh-15/942 dated 7 February 1994) concerning violation of the Law "On Privatization of State and Municipal Property in the Russian Federation" and Edicts of the President No. 1231 dated 14 December 1992 and No.

2284 dated 24 December 1993, by the head of the Chelyabinsk Oblast Administration. Besides, social tensions in the oblast are being fueled by the periodically developing scandals associated with the operations of the local authorities and exhibiting a criminal coloring, including those related to issues of foreign economic activities, foodstuffs procurement, uncontrolled disbursement and theft of funds from the budget, and so on.

To our mind, all this has resulted from the fact that head of the Oblast Administration V.P. Solovyev has focused all his activities on retaining personal power to the detriment of the direct functions of executive structures. The administration has been afflicted with continuous squabbling and the absence of a genuine program of action for implementation of the president's course. In recent months three first deputy heads of the oblast administration and a number of heads of cities and rayons, who "ventured" to raise the issue of uncontrolled disbursement of the budget and strange connections between the administration and a number of commercial structures, have been dismissed.

The head of the oblast administration justifies ostentatious disregard for legislative and regulatory acts, dubious operations involving budget funds, and his arbitrary personnel practices by actions allegedly coordinated with first aide to the president V. Ilyushin, which causes bewilderment and profound doubts and directly discredits the president.

We believe that the head of the oblast administration does not meet the requirement for a leader who is capable of consolidating progressive forces of the oblast in order to implement the presidential course of economic and political transformations.

Esteemed Boris Nikolayevich!

The socioeconomic and public policy situation in the oblast is becoming critical and requires that measures be immediately taken to reinforce executive power and build confidence in it.

We ask that you consider the issue of appointing a new head. In the event it is necessary to set up an interdepartmental commission on the situation in the oblast, we ask that deputies from our oblast be included in it.

Respectfully,

[Signed] V.S. Grigoriadi (district 182)

V.I. Golovlev (district 183)

A.L. Kushnar (district 184)

A.P. Pochinok (district 185)

V.P. Utkin (district 186)

10 March 1994

Chelyabinsk LDPR Official Views Elections

944F0620B Chelyabinsk CHELYABINSKIY
RABOCHIY in Russian 5 Apr 94 p 2

[Article by A. Yalovenko, chief of the Chelyabinsk Oblast Regional Organization of the Liberal-Democratic Party of Russia and member of the Central Committee of the Liberal-Democratic Party of Russia, under the rubric "Point of View": "Elections, After All!"]

[Text] The Regulations on Elections in Chelyabinsk Oblast have been confirmed by a decree of the head of the oblast administration. Its main principles differ considerably from the proposals that were developed by a working group under representative of the president V.V. Seleznev consisting of the activists of various parties and movements.

The regulations are being vigorously discussed in the local newspaper. An interview with deputy head of the Oblast Administration B.A. Mizrakhi has been published in which he tried to justify individual provisions of the regulations. Notes have been published in which the author scares readers with the strength and cohesion of opposition parties before the election to the oblast дума.

All this was preceded by a heated debate and discussions among the representatives of various parties and movements concerning development of the draft regulations on the дума itself. Surprisingly, parties that are absolutely different in terms of their directions found a common language in developing the regulations; mutually satisfactory compromises were found. Parties with a democratic orientation also took part in this: There were representatives of the RDDR [Russian Movement for Democratic Reforms] and the Republican Party. B.A. Mizrakhi also participated. Strangely, following attacks against him, B.A. Mizrakhi by way of justifying himself made the quite strange assertion that proposals for the Regulations on Elections had been developed mainly by the representatives of communist and national-patriotic parties and movements.

The very process of the development of proposals for the Regulations on Elections exemplified the fact that the parties can cooperate fruitfully in the oblast дума. Thus, the LDPR [Liberal-Democratic Party of Russia] proposed to insert restrictive requirements for candidates for oblast дума deputy into the Regulations on Elections in terms of age (no younger than 30), educational standard (higher education), specific activities (mostly economists, lawyers, economic managers), and residence (residing in the oblast for no less than five years). Although these requirements were not adopted, the LDPR did agree to compromise proposals that were worked out jointly.

It is sad that the oblast administration was not aware or did not wish to be aware of this effort of the parties and movements and did not take into account the jointly developed proposals.

It is now becoming clear that the executive authorities cannot and do not want to yield to the representative authorities. The main principles of the Regulations on Elections confirmed by the oblast administration facilitate this.

First of all, nomination of candidates by party lists is omitted, and only the majority system is used. So, what is happening: They used to talk about the development of a multiparty system all the time, but after receiving the results of elections by party lists on 12 December 1993, which they (but not everyone else) found strange, they began to talk about parties and movements being underdeveloped here, about their not reflecting the interests of the population. Of course, it might be that the parties with a democratic orientation are weak in our oblast. However, that the parties of an opposition variety are gaining strength is a real fact which neither the administration nor the press rejects. To our mind, this was the only reason for using solely the majority system in the forthcoming elections to the oblast duma.

Second, there is the numerical strength of the representative organ. In his interview B.A. Mizrakhi gives examples of the numerical strength of the dumas in various oblasts of Russia while failing to mention the oblasts in which the numerical strength of the duma has been confirmed to be 50 deputies; meanwhile, about one-half of the oblasts are that way. The design in this instance is also clear: The small numerical strength of the duma gives the administration an opportunity to manage it, to make it a "puppet" duma. It is clear to all that the smaller numerical strength of the duma means taking a small number of opinions into account, frequently failing to get a quorum, and having a poor connection between the duma and all strata of the population. After all, even in Tsarist Russia, proportionate numbers of representatives from various social strata—the merchants, the nobility, the craftsmen, the Cossacks, and so on—were elected to the Chelyabinsk Duma.

Third, there is the introduction of very stringent requirements for the collection of signatures in favor of nominating a candidate. After all, 4 percent of the total number of voters in the district translates into a number upward of 7,000 signatures. It sufficed to collect 5,000 signatures for nomination even in the election to the State Duma. Of course, it is good for the oblast administration to believe that the traits of a candidate for the oblast duma should be superior to those of our candidates to the State Duma; however, common sense seems to be absent in this instance. After all, collecting this number of signatures will prevent the participation of many knowledgeable, sensible specialists in the election to the oblast duma who are not associated with the executive authorities or parties and movements because the collection of signatures calls for a great organizational effort and considerable financial outlays. It would be interesting to learn what financial outlays are required for this purpose if the press printed the financial reports of contenders for deputy positions in the 12 December 1993 election. Besides, the employees of personnel

departments and housing maintenance offices could tell a lot about the collection of signatures in favor of individual candidates for deputies and blocs of parties and movements. It is clear that either candidates with ties to the administration or those abusing their official position in the process will have the advantage.

The existence of these "strange" shortcomings in the Regulations on Elections was also noted by our State Duma deputies at a meeting with the TV viewers of the oblast.

It is now possible to discuss the shortcomings or virtues of the Regulations on Elections. However, they have been approved and have the force of a local law from which we should proceed. Given that compliance with the law is one of the main principles of the LDPR, the Chelyabinsk Regional Organization of the LDPR will strictly proceed from the approved Regulations on Elections, all their shortcomings notwithstanding.

With cooperation from the leading specialists of the oblast, the activists of our LDPR organization have completed the development of an election program of the party for activities in the oblast duma. We expect to make it available for publication in the press shortly.

Our aspiration to have a greater number of LDPR members working in the oblast duma is natural. At present the party has at its disposal in Chelyabinsk Oblast skilled economists and lawyers, economic managers and workers, clerical employees, and also representatives of the creative arts intelligentsia, that is, an active contingent that can accomplish a lot in these difficult times in the oblast.

Spring is coming, and the time of renewal in nature along with it. We would very much like this to be also springtime in politics, economics, and the social sphere, so that renewal will affect every one of us, so that everyone will perceive the measure of his responsibility for the future and for Russia.

Chelyabinsk Land Resources Chief on Land Reform

944F0621A Chelyabinsk CHELYABINSKIY RABOCHIY
in Russian 5 Apr 94 p 2

[Interview with A.P. Kozachenko, chairman of the Chelyabinsk Oblast Committee for Land Resources and Land Development, by Yu. Fomin, CHELYABINSKIY RABOCHIY correspondent; place and date not given: "The Great Reallocation Is Not Over, but More Than a Million Landowners Have Appeared in the Three Years of Land Reform in the Oblast"]

[Text] [Fomin] Anatoliy Pavlovich, how would you evaluate the situation with oblast land resources at the beginning of 1994? Has the land reallocation that started in 1990 been completed?

[Kozachenko] Three years have passed under the sign of a great reallocation of land. It can be said without exaggeration: A revolution has taken place in land relationships—the monopoly of the right of the state to possess land has ended. Given the total oblast area of 8.8529 million hectares, 3.2081 million have been transferred to the ownership of citizens, joint-stock companies, and associations. There has been a transfer of 1.2195 million hectares of land resources to the jurisdiction of city, settlement, and village administrations that were also earmarked most of all for personal subsidiary plots, hayfields, and pastureland.

[Fomin] What does the owner of a land parcel represent today in a generalized way? How many owners are registered on the territory of the oblast—private individual proprietors, farmer and peasant-owned farms, joint-stock companies, and firms? How much land is left under the jurisdiction of state structures?

[Kozachenko] According to the status on 1 February 1994, more than 400,000 subsidiary plots with a total area of 66,700 hectares are registered in the oblast. In three years 40,000 citizens were granted land sectors for an area of 5,200 hectares for individual housing construction, and of this, 2,600 hectares were allocated to the ownership of villages and settlements free of charge.

Seven thousand one hundred and thirty-two peasant farms were organized on an area of 415,400 hectares, and of these, 90,300 hectares of agricultural land were allocated free of charge, or 21.8 percent of the total area. The remaining area was turned over for leasing for a period of up to 50 years, with the right of subsequent redemption.

In an area of 4,291 hectares seven communal-ancestral farms were organized on which the age-old Cossack principle of land use is being revived. The communes are operating in Agapovskiy, Verkhneuralskiy, Kartalinskiy, Krasnoarmeyskiy, Nyazepetrovskiy, and Sosnovskiy Rayons and the city of Yuzhnouralsk. One hundred and four hectares of land were turned over to the ownership of the communes free of charge.

Today 386,700 citizens of our oblast own land plots earmarked for gardening. Their total area is 31,400 hectares. All told, 189,400 hectares were transferred to the ownership of more than 800,000 citizens.

Significant changes have occurred in public agriculture. On the basis of the former kolkhozes and sovkhoses, 215 joint-stock companies and associations were established, to whom 3.0187 million hectares of agricultural land were turned over to collective-share and collective-joint ownership. Today we have 23 kolkhozes left that own 3 percent of the agricultural land and 25 state agricultural enterprises with commodity production that have 4 percent of the agricultural land. Thus the oblast disposes of redistribution funds that today amount to 403,600 hectares, or a total of 5.5 percent of the agricultural land.

A large part of this fund has been turned over to leasing, to temporary use by agricultural enterprises, and to farmers.

These are the results of our work: 84.5 percent of the agricultural land of the oblast has been transferred to citizen or collective ownership. The total number of landowners and land users is more than 1.71 million.

[Fomin] Anatoliy Pavlovich, in what condition is the land cadastre of the oblast?

[Kozachenko] In accordance with a government decree, owing to the resources received from payments from land, we have begun work on inventorying land of population centers and the establishment of six automated cadastre bureaus: three—in rural rayons—of the most numerous land users (Sosnovskiy, Krasnoarmeyskiy, Chebarkulskiy) and three in the cities of Chelyabinsk, Magnitogorsk, and Miass. The oblast committee has organized work for the establishment of program support of the cadastre. We will continue this work in 1994, and its results will depend on the volume of financing. We prepare an annual report on the status of the land fund of the oblast, and can provide full information on any rayon. Incidentally, this material can be used by any organizations that work with land. Although I will note that it is difficult to set up proper registration without the establishment of an automated system of land cadastre.

Last year the oblast land committee developed a program for monitoring land in Chelyabinsk Oblast. Fifteen scientific production organizations were involved in implementation of the program. Five stationary sites for conducting regular observations over the status of land resources of the oblast were set up in various nature-climatic zones. This will make it possible to more fully evaluate the influence of economic activity on the condition of the environment.

[Fomin] On 29 September 1993 CHELYABINSK RAB-OCHIIY talked about pseudo-farmers in the Uvelskiy Rayon, about people who became owners of land but actually did not work on it. How did your committee react to this article? Is there an effective system for monitoring the rational use of land resources according to the law at the present time?

[Kozachenko] As in any business, we unfortunately are not without deficiencies. Yes, your newspapers wrote about the pseudo-farmers in Uvelskiy Rayon, about those people who received land parcels but did not intend to work on them themselves. The rayon land committee sent each one of them a written warning, first of all to those who came under the action of the Edict of the President of the Russian Federation of 4 April 1992 No. 361 "On the Fight Against Corruption in the Civil Service System." However, the procurator of the rayon in his presentation explained to the committee about exceeding authority in the resolution of these questions. Thus, farmers like this have their defenders, although the land committee is undertaking decisive measures in the

fight against the violation of land legislation and in monitoring the rational and effective use of land.

As a result of such checks, decrees were published by the heads of administration of Yetkulskiy and Chebarkulskiy Rayons concerning the elimination of the subsidiary plot Groznetskoye of the trust Uralneftegazstroy consisting of an area of 2,444 hectares and the transfer of the confiscated land to the Karatabanskiy sovkhos for agricultural use, and also concerning the confiscation of 150 hectares of arable land from oblast psychoneurological hospital No. 2 and their transfer to the rayon redistribution fund.

According to materials of land inventories conducted in 1993, 800 hectares of ineffectively used land were identified on the territory of Yetkulskiy and Sosnovskiy Rayons and transferred to the redistribution fund.

Regarding the Petushok horticultural association, the oblast committee prepared materials, and a decree of the head of administration of Sosnovskiy Rayon was adopted on the confiscation of land parcels from horticulturists who did not begin to develop the land parcels in three years.

[Fomin] The editorial mail brings us information that ordinary citizens at times are unable to gain possession of land for personal plots and land shares in joint-stock companies. Ivan Danilovich Pigarev from the village of Nagaybaskiy writes, in particular, that he used a personal plot of 0.50 hectares for 36 years (he is a participant of the war), and now he is being given only 0.16 hectares. Valentina Aleksandrovna Lukyan worked for 23 years on the Belonosovskiy sovkhos. But she took a pension in another place. She was refused a land share by the Belonosovskiy joint-stock company. In brief, what can you say to these people?

[Kozachenko] Commenting on these letters, I can say that in neither case did officials violate land legislation with respect to them. However, it is possible to help these citizens. I.D. Pigarev can receive for his personal plot a section of land outside the boundaries of the construction project of the village, and V.A. Lukyan, if she is able to work the land, can get an average rayon share free of charge for the organization of a peasant farm in accordance with Article 60 of the Land Code of the Russian Federation from the lands of the rayon's special fund.

[Fomin] In October 1993 the Edict of the President of Russia "On Regulating Land Relations and Development of Agrarian Reform in Russia," which granted owners right to sell land plots, was signed. When will the first competition (auction) on the sale of land be held in the oblast? What will be offered for sale to those who take part in it?

[Kozachenko] Of late, more and more citizens have become interested in questions about the purchase and sale of land parcels. The Law of the Russian Federation "On the Right of Citizens of the Russian Federation To

Receive Private Property and To Sell Land Parcels for the Conduct of Personal Subsidiary and Summer Home Farming, Gardening, and Individual Housing Construction" grants the right to citizens who received land parcels as private property for the aforementioned purposes to sell them to other citizens of Russia. This right is affirmed by the Edict of the President of the Russian Federation "On Regulating Land Relations and Development of Agrarian Reform in Russia." Purchase and sale of land transactions are conducted by citizens independently at the place of the location of the parcels with the formulation of a deed of purchase.

Land parcels belonging to citizens as personal property will be sold at auctions on their petition. Moreover, the organs of local administration can offer for sale at auction vacant parcels that are valuable because of their location for individual housing construction, the accommodation of summer homes, and other purposes.

The edict of the president of the Russian Federation authorizes the sale of land parcels acquired by citizens free of charge in the form of shares in the reorganization of kolkhozes and sovkhoszes. However, the lack of a sale-purchase mechanism for lands of agricultural significance hinders this process. On the whole it must be said that land legislation has begun to lag behind today's practical tasks.

Maritime Kray Privatization Progress Viewed

944F0638B Vladivostok VLADIVOSTOK in Russian
28 Apr 94 p 3

[Article by VLADIVOSTOK correspondent Mark Viktorov: "Number of Private Property Owners in the Kray Is Increasing"]

[Text] *Privatization in Maritime Kray has passed the 1,000 mark: Exactly this number of enterprises, according to the data of kray statisticians, today moved into private or joint-stock company ownership. It can thereby be claimed that a private property market branch of the economy is being actively formed, although the main part (80 percent) of produced products still falls to the share of state enterprises.*

Destatization is now being accomplished mainly through the sale of enterprises in competition or auction, and only 12 percent of the enterprises have gone through a full or partial auction. The largest number of sales (54 percent) belongs to retail or wholesale trade, and also consumer services for the population, construction, and public catering. Agriculture has been affected least of all by privatization in the kray—only one percent of enterprises have changed ownership in this sector.

Privatization of large and average enterprises is being implemented by means of auction. Of the three variants of privileges offered labor collectives, preference is given to the second variant, which allows the possession of a controlling package of stocks.

The relatively low value of property of enterprises of municipal ownership (on average amounting to 590,000 rubles [R]), and the relatively small-scale investment that is necessary after their acquisition naturally attract the attention of commercial structures, which at times results in severe competition in trades and, accordingly, a high sales rate.

As a result of privatization, R6 billion was received this year (including resources received in the years 1992-1993), of which a large part (63 percent) was transferred to the budget of the territory of Maritime Kray.

Not long ago Yevgeniy Nazdratenko, governor of the kray, approved a privatization program for 1994. Its main objectives are expansion of the strata of private property owners as the main formation of market relations, completion of check privatization, further auctioning of large and average enterprises, mainly in the production sphere, and attraction to it of additional investments. In principle this is supposed to increase the effectiveness of the kray's economy, create a competitive environment in the production sphere, and promote the development of a fund market in the kray.

According to this program it is planned to privatize all told more than 500 enterprises and facilities in 1994, of which 82 are federal and 43 kray, and 376 are municipally owned. Total receipts from privatization should amount to R12.5 billion for the year, and R7.5 in privatization checks.

In the first half year alone it is planned to offer shares of stock of about 200 joint-stock companies at specialized check auctions. It is planned to offer stock of the joint-stock company Dalzavod (40,800 units) and Vostokproyektverf (1,800 units) at an interregional all-Russian check auction.

A Maritime Kray central depository system will be put into operation this year, which will make it possible to speed up completion of transactions and follow the securities market outside the exchange. In addition, a scheme will be laid in the central depository system that will make it possible to rule out the opportunity for transactions of several stockholders in the very same securities.

The progress of housing privatization has to be discussed separately. According to the information of the aforementioned statisticians, on 1 April 189,000 apartments were privatized in the kray (8.9852 million square meters of housing), of which 16,531 apartments (770,000 square meters of housing) were privatized in the first quarter of 1994. Moreover, 15 unoccupied apartments were sold, including three apartments to organizations. The total value from the sale of apartments to private ownership was R60.7 million.

In January-March, according to a directive of the president of the Russian Federation, servicemen were assigned 27 apartments, which is of course insufficient. All told, from the moment of the issuance of the

president's directive the military were assigned 99 apartments, which is 7 percent of that planned.

Oblast Administration Head on Economy

944F0630A Novosibirsk SOVETSKAYA SIBIR
in Russian 22 Apr 94 pp 1, 2

[Report of head of administration of Novosibirsk Oblast I.I. Indinok at the scientific-practical conference on 18 April 1994]

[Text] Esteemed conference participants!

When thinking over the structure of this report, considering the complex of difficult social and economic problems in the oblast, and trying to find the most notorious main link in this chain of problems, I discovered that many of my assessments, notes, and approaches are fairly closely correlated with ideas that lie at the basis of the president's recent Message to the Federal Assembly, "On Strengthening the Russian State," or, rather, with its main idea which is reflected in the actual title of this message. Its essence is on everyone's list—we must look for a way out of the economic crisis in the strengthening of state regulation of the economy. Obviously, this is also the link that will make it possible for us to undo the entire knot of economic problems.

This being the case, we at the level of components of the Federation must, perhaps, without lapsing into sophistries, concentrate our efforts on implementing the idea of strengthening the state principle in regulating economic processes. In order to verify my conclusion I turned for advice to an assembly of leading scientists and specialists from various spheres of activity in our oblast whom we asked to attend a conference last Friday in order to discuss the outlines of the draft of the recommendations for today's conference. The opinion of this assembly of Novosibirsk intellectual elite was unanimous: In our oblast it is time to take regulation of the economy firmly into the hands of the state, since the so-called liberal but actually uncivilized market into which radical reformers have led us is ruining Russia and leading all of us to a socioeconomic disaster.

This principle, I must admit, provided a clear orientation for the preparation of the present report. As an outline I took a number of constructive points from the president's message plus our own proposals, and in these areas and I have considered what can be done to realize the earmarked approaches at the level of a component of the Federation. Here, naturally, I proceeded from the realities of Novosibirsk Oblast, which are typical of many regions of Russia.

First, in order to give participants in the conference an idea of the socioeconomic base used for developing our proposals, I will give a brief description of the condition of the economy of Novosibirsk Oblast and try to show the price it has paid for the radical reforms.

The economy of our oblast and its social sphere have relied in past decades on branches that today have been driven into a situation of poverty. These are science-intensive industrial production, including the defense complex, agriculture, science, the higher school, and education. Of course, you are also well aware that the oblast's economic potential, its branch structure, and the dynamics of social processes, as with all other Russian regions, have been determined, unfortunately, not by local conditions but by directive centralized plans, many of which, unfortunately, have run counter to economic-geographic and, as is apparent now, market preconditions for the development of the territory. Nonetheless by the middle of the 1980's, in order to implement the most important state tasks in Novosibirsk, a powerful economic complex was created with a progressive economic structure, a very high proportion of science-intensive modern productions, and the most skilled work force. Although the extraction industry made up only 2 percent of it, in terms of volumes of the oblast industrial production it occupied fourth place in Siberia (after Tyumen and Kemerovo Oblasts and Krasnoyarsk Kray), in agriculture—second after Altay Kray, and in terms of total economic potential—fourth place on the territory of Siberia and the Far East. In a word, the oblast was one of the most important in Russia.

The president's message devotes a great deal of attention to the cost of the reforms in Russia. The president is obviously right when he notes that economic reform is not painless and is not free and that losses are inevitable. But the painful phenomena turned out to be especially severe in our oblast and the cost of the reforms was so high that practically everything we had went to pay for them. It is difficult to explain to people what they paid for at such a price. Incidentally, it should be noted that Novosibirsk Oblast was not among the victims of the first stage of perestroika when the sharp reduction of centralized investments and the depression in the raw material branches began. Right up until the end of 1991 it retained its positions in the Russian economy. The collapse began the moment the so-called market reforms began to be forced. During a little more than two years there was a sharp deterioration of our positions in the economy of Russia and our economic position in the main branches became intolerable.

The reason for the high cost of reform lies in the peculiarities of the structure of the oblast economy to which I wish to draw your attention. In order not to be accused of local egocentrism, I shall use the analytical materials of the World Bank. Thus, according to information from this international financial institution, in 1990 Novosibirsk occupied third place in Russia in terms of degree of militarization of the economy. The proportion of people employed at enterprises of the defense complex in the overall number of industrial production personnel was 43.5 percent (the only ones higher than us were Udmurtia—55.3 percent and Saratov Oblast—50.9 percent). The overall number of workers at defense enterprises of Novosibirsk Oblast

(according to World Bank figures) exceeded the number of people employed in the military-industrial complex of all of Eastern Siberia (we have 172,500, and Eastern Siberia—167,500) and was approximately equal to the number of people employed in the military-industrial complex of all of the Far East, where the figure was 176,200. Thus the blow dealt to the country during 1992-1993 by the reformers' policy in fighting against the military-industrial complex caused many regions damage of varying degrees of severity—in some places it was tolerable, but for our oblast and especially the city of Novosibirsk—it was murderous and largely irreversible.

The conversion of defense enterprises, regardless of how fervently and at what a high level it was discussed, will remain on paper until real resources are invested in it. What is allotted from the budget for conversion is more like a propaganda experiment than target investments. In 1993 allocations for conversion in Russia as a whole amounted to 870 billion rubles [R], which is little more than the credit investments of Inkombank alone. And the distribution of these funds was extremely unfair and very subjective, mainly according to the criterion of proximity to the hand that gave them out (and Novosibirsk, as we know, is a long way from Moscow). The aforementioned investments were not only unable to stop the catastrophic decline of the defense industry; they could not even slow it down.

During the past two years of reform the oblast military-industrial complex has managed to continue to exist without sources of development and almost without any structural rearrangement, scaring up loans and subsidies from time to time. Now that the last reserves of the enterprises have been exhausted and, as a result of the ill-considered reforms, the prices of many kinds of raw material have exceeded world prices, the collapse of all industry has begun—not only defense, but also purely civilian industry—a large part of the domestic economy has reached the verge of complete bankruptcy.

The legal excesses and galloping inflation greatly exacerbated the investment climate. Commercial banks grant practically no credit for investment projects since it is disadvantageous to invest in the production sphere as compared to servicing short-term commercial operations. This leaves industrial production without any future.

Among the main areas of specialization of Novosibirsk Oblast are science and personnel training. Before the beginning of perestroika (1985) we had 85,000 people employed in the branch entitled "Science and Scientific Service." In terms of the proportion of science in the fixed production capital and the overall number of workers, the oblast occupied first place in the Soviet Union, outstripping Moscow and Leningrad. We were proud of our three academies, 15 VUZ's [higher educational institutions], and powerful branch science, justifiably assuming that this was our main capital, which was quite competitive by world standards. Let me note, incidentally, that according to assessments of the most

eminent economists of the West, including Nobel prize winner Solow, over a long historical period 85 percent of the economic growth was provided as a result of scientific and technical progress. Therefore financing science is the most effective investment of money in the development of the economy.

The surrealistic market in which we have now found ourselves has shown that there simply is no effective demand for rendering scientific services under the conditions of a total crisis. This pertains to both fundamental and applied research. Yet there has been a sharp increase in the demand for Russian and especially Siberian scientists abroad, which is causing an ever increasing brain drain from Russia to other countries. Centralized financing at best covers 30 percent of the expenditures in comparable prices compared to the level the same academy of sciences had in 1990. As a result world-renowned scientific schools and collectives are falling apart and the influx of youth into science has come to a halt. There is an analogous situation in higher education. Russia is losing its future and the oblast and local budgets contain no resources for supporting science and the higher school.

The collapse of the economy was reflected most fatally in culture. While in past years it was financed according to the so-called residual principle, today nothing at all is left for culture. The destruction of the culture of Novosibirsk—the world famous music schools, the renowned theater collectives, artists, writers, excellent libraries—would cause harm not only to Russia but to all world civilization. God forbid that such a thing should happen.

Another leading branch of specialization of our oblast is agriculture. Its share along with branches for processing agricultural products is approximately one-third of all the economic potential. To be sure, the agrarian branch, as in all developed countries of the world, has always existed under conditions of large state subsidies, and this has made it possible to keep consumer prices at a fairly low level so that these products are available to all the population. Now there are almost none. Today the sharp reduction of the buying power of the population and also the impossibility of really maintaining parity of prices between the city and the country are driving agricultural producers into an abyss. By the end of last year wholesale prices of means of production for the agro-industrial complex increased 13.3-fold, including for machines and equipment for animal husbandry—14.5-fold, and diesel fuel—18-fold. Procurement prices for agricultural products increased only 11.8-fold during that same period. The continued unrestrained growth of prices for energy sources, agricultural equipment, spare parts, fertilizers, and means of plant protection have led to a situation where even the strongest farms are unable not only to acquire new tractors and combines but even to repair the existing ones, which are in short supply. The fertility of the soil is being exhausted since the application of mineral fertilizers has practically stopped. Agriculture in the oblast has been thrown back decades.

Late payments for bread, milk, and meat that have already been consumed and credit under extortionate conditions of 180-213 percent are destroying the financial base of agricultural production. Now that the banks are encountering problems of distributing credit resources even in trade, the existing rates for agricultural enterprises like, incidentally, those of industry, are simply ruinous. Even under conditions of the sharp reduction of production volumes, grain, milk, and meat produced on the farms at the present time are going begging because of the exceptionally low buying power of the population. In the food ration of the impoverished population there is a reduction of the consumption of biologically necessary products. Macaroni items, bread, and potatoes have become basic in the nutrition of residents of our oblast.

The reform of agricultural enterprises has actually been reduced to changing signs without affecting the basic economic incentives in rural areas. Today the oblast, like all of Russia, has been faced with a dilemma: To have its own agricultural products, which are now more expensive, taking into account transportation costs and the price of energy sources, or to increase procurements from abroad of products that are less expensive and frequently of poorer quality. It would be more correct to put it like this: To encourage the hidden subsidization of importing foodstuffs through artificially maintaining the exchange rate of the ruble to the detriment of our own commodity producer. By following this path, you understand, we could arrive at complete dependency on the West for our food supply as well, so this is not only an economic issue but also a political one, and it cannot be resolved at the level of an individual oblast. Incidentally, the answer to it given in the president's message inspires hope. Indeed it is necessary to have (I quote) "a reasonable protectionist policy that protects the interests of domestic producers but without appreciable harm to the consumers." Let us hope that is the way it will be.

Speaking about the price of reforms for Novosibirsk Oblast, let me note that in terms of formal indicators which the higher-ups like to use to evaluate the course of the reforms, we have considerable achievements in the main areas of reform. Privatization of housing, trade, and industry is proceeding more rapidly in our oblast than the average for Russia. Indicators of the creation of farmer-run farms are at a high level and we have created a multitude of banks, investment funds, intermediary enterprises, and other institutions of the market infrastructure. Alas, all this, unfortunately, has so far not contributed to economic growth in the oblast or to raising the standard of living of most of its residents.

The conclusion from an analysis of the consolidated indicators of the development of the oblast is this: Its economy has actually entered a stage of reduced reproduction. In certain branches of the national economy the "eating up" of production capacities has become apparent and is reflected not only in the reduction of the residual value of fixed capital and the increase in the

indicators of its wearing out, but also in the absolute reduction in physical terms.

The elimination of the commodity deficit is considered to be one of the main pluses of the radical reforms that have been conducted. Indeed this deficit has disappeared. It is possible to buy almost anything both on the consumer market and on the market for raw and processed materials and also on the market for contracting work. Incidentally, even before the reforms there was no deficit on our market portrayed in physical items, which we call a flea market. The only commodity that is still in short supply is money, and the whole country, unfortunately, has become like a flea market. The lack of regulation of the processes, the failure to account for the turnover of goods and incomes, and the lack of quality control of goods have become typical for the entire economy of Russia.

An analysis of the minimum consumer budget of the population of Novosibirsk Oblast shows that workers of the majority of branches do not have sufficient money to support at a bare minimum not only their children but even themselves. Only workers in transportation, communications, construction, and wholesale trade had wages at the level of the minimum consumer budget at the beginning of this year, that is, they could support themselves. At the same time workers of the financial-credit sphere, insurance institutions, and energy engineering had wages that averaged twice the minimum consumer budget.

The consequences of such a state of affairs are extremely severe. For enterprises and organizations living on the sale of goods to the population this means ruin and ultimately liquidation. As an example one can give the state of affairs in consumers' cooperation. At the present time it is conducting trade in 1,231 population points which do not have a permanent trade network. The fact that one-third of the consumer cooperative stores (about 1,000) are operating at a loss becomes threatening since, as experience shows, the rural population points start losing population after the schools are closed and they die out after the store is closed. For the individual resident, the specific family, and society as a whole the situation in which monetary incomes are below the subsistence minimum means moral and physical degradation.

As a result of the fact that prices of food products increased more rapidly than the nominal incomes of the population, there has been a marked deterioration of the structure of nutrition. I have already discussed this. Medical services and the condition of the environment have become worse and crime and the nervous-psychological strain on people have increased. As a result, practically all demographic indicators have gotten worse. In 1992 for the first time in many decades the death rate in the oblast exceeded the birth rate. In 1993 as compared to the preceding year the birth rate dropped by another 17 percent and the death rate increased by 25

percent. As a result, the natural attrition of the population in the oblast during the year (!) increased 16-fold. It is my deep conviction that under the conditions of peacetime no good wishes can justify such tendencies. Such is the price of the reforms in our oblast and, as I know from colleagues from other regions, it is just as great there.

Here is the last thing I would like to say before moving onto my proposals. All of us, esteemed compatriots, must be clearly aware of the fact that the people's patience is at an end. The rate and level of social stratification of society in Russia today is worthy of the Guinness Book of Records. The ratio between the wages of the most highly paid 10 percent of the citizens and the 10 percent of the members of society with the lowest pay in our country is 27:1. For comparison: In Sweden this coefficient is 11:1, in the United States—14:1. Such a strong stratification of the standards of living of the wealthy and the poor is fraught with serious social upheavals. And they can arise if this process continues. Even the reserves of the majority of key technological systems are at an end—energy engineering, gas lines, railroads, aviation, etc. If we do not radically change the situation in the state for the better, in the very near future we will inevitably encounter not only social upheaval but also technological and ecological catastrophes.

We have invited to the conference representatives of the government, federal ministries, the Soviet of the Federation, and the State Duma as well as leaders of many regions of the country in the hope that our concern will be understood correctly and measures, including those developed during the course of this conference, will find sympathetic support in the center as well.

Analyzing the socioeconomic situation that has developed, the oblast administration as early as the eve of 1994 came to the conclusion that it was impossible to quickly and painlessly improve the economic situation on any individual territory through any radical measures. Therefore the administration's program of actions for 1994 are based on the task of stabilization in the oblast economy and the creation of preconditions for future economic growth. Scholars and specialists of a number of scholarly institutions of the Siberian branches of the Russian Academy of Sciences, the Russian Agricultural Academy, the city's VUZ's, and leaders and workers of enterprises and organizations of various branches were enlisted to prepare proposals for this program. Most of these proposals are in the sections and therefore I request that participants in the conference consider the existing proposals and make additional ones during the course of the section meetings.

Which of the main areas make up the backbone of the stabilization program in the region? First of all, I repeat, state regulation of economic relations. It says in the presidential message (I quote): "The creation of a system for regulation of the market economy is not a step backward but movement forward, development of the

reform, strengthening of the Russian state. There will never be a real market order in a poorly managed economy." For the regional level regulation of the economy means the development of clear-cut priorities for the economic and social policy and the conclusion of intraregional and interregional cartel agreements aimed at the survival and socioeconomic survival of regions, the development of a regional budget policy adapted to existing economic conditions, the formation of economic mechanisms providing for support of commodity producers, and alleviation of the crisis in industry, the agrarian sector, and the credit-financial sphere.

The president emphasized that if there were no structural rearrangement in the economy there would inevitably be structural degradation and that it has long been time for the government to straighten out its structural priorities and take action on the basis of this. In this area we are prepared to support any government actions. The oblast is already preparing and beginning to take measures for the development of a mechanization for streamlining, reprofiling, and reorganizing inefficient enterprises. Moreover, regional investment programs are being created in the main economic complexes. The Fund for Support of Entrepreneurship is selecting projects.

In the complex of anticrisis measures, part of which are under oblast jurisdiction, a most important position is occupied by measures for improving the tax policy. We also expect that in keeping with the points in the president's message and the decree of the Soviet of the Federation, in the near future changes will be made in the tax system in the direction of encouraging material production and resource saving. As the president promises, 1994 should be a year of real state support for the producer. The tax burden can be eased only in combination with effective measures for fighting against unaccounted-for commodity and monetary turnover. What kind of state is it that will allow the existence of a growing volume of unaccounted-for turnover which is obvious to everyone and is incapable of performing its controlling function? It has long been time for our state to be cured of its powerlessness.

In order to search for additional revenues and sources of financing expenditures from the oblast budget it is intended to use such measures as issuance of short-term funded loans, regulation of licensing activity, interaction between the administration and authorized banks, and new forms of direct and indirect tax regulation, taking advantage of the rights granted by Edict No. 2268 of the President of 22 December 1993.

Our anticrisis program has reflected measures for controlling blocks of shares and oblast-owned enterprises. Developing the corresponding edicts of the president, the administration is contributing to the creation of financial-industrial groups in industry and the agrarian sector of the economy and the utilization of trust forms of management, in spite of the fact that federal legislation is imperfect. We intend to step up control over the

fulfillment of conditions for competition during privatization of state and municipally owned facilities without, however, transforming this control into a campaign for reprivatization.

The mechanism for support of rural commodity producers in the oblast is also changing. Based on the capabilities of the oblast budget, financial resources are being allotted only on the basis of agreements concluded for the delivery of products to the oblast food supply or the oblast food market. But there is not enough budget money to form a regional food fund in the necessary volume, even taking working capital into account. In keeping with the president's edict on liberalization of the grain market, the government will apparently have to accelerate the solution to the problem of sources of financing regional grain supplies. To this end it would be possible to use the funds allotted to the Roskhlevo-produkt Corporation last year for purchasing grain for regional needs.

Of the measures having to do with the social policy I will mention only the introduction of nonbudget forms of investment in housing construction, including the use of mortgages and funds of enterprises in the population. I would also like to hear proposals from participants in the conference regarding a solution to another problem that is critical, at least for us—growing abandonment of the departmental social sphere by enterprises when the local authorities do not have the funds or technical base to support it.

I want to discuss once again a couple of the most important issues whose resolution is possible only at the federal level because they are under the joint jurisdiction of the Federation and its components.

Among the most crucial problems requiring immediate solution I will single out the problem of nonpayments. Let me remind you that in its Decree "On the Crisis of Solvency in the Economy of the Russian Federation" the Federation Council proposed that before 15 April (today is already the 18th) the government and the Central Bank submit to the Federal Assembly a program for resolving this crisis. Among the most important measures the government and Central Bank were also instructed to retire indebtedness of the republic budget for 1993 taking price indexation into account. The state's position regarding the inflation factor in the state debt to the enterprises is affected and shows disdain for the enterprises. The state, which regularly defaults on its debts to the enterprises for long periods of time, does not intend to pay them the generally accepted fines while the suppliers for these enterprises, the state budget, and nonbudget funds do not forget to demand from 0.7 to 1 percent for each day of defaulted payments, and the latter have the right to impose penalties without recourse to appeal. Frequently indebtedness of enterprises initiated by the state is covered by them with state funds, but they already have the character of credit at the same interest rate, which objectively cannot save the vast majority of enterprises of the production sphere. This

kind of interaction between the state and the enterprises has nothing to do with economic methods of regulation, the goals of the reform, or the norms of the law.

Additionally, it was suggested that the government of the Russian Federation pay back to Russian enterprises the debts of the CIS states. There is a proverb: If there is time to throw stones there is time to pick them up. The entire country is waiting for concrete and effective actions from the government in this area.

As of 1 March of this year defaulted indebtedness of buyers to enterprises of the oblast alone amounted to R294 billion, and defaulted indebtedness of enterprises to the suppliers was R170 billion. Defaulted indebtedness to the budget—R44 billion, and bank credit (also defaulted)—R15 billion. As you can see, for one oblast the figures are immense, more than a month's volume of sales from industry. Since this disease has affected the entire country, the formula for recovery must be sought through joint efforts. Here one cannot forget that the nonpayments crisis is a result of the overall crisis that has affected the country's economy and the deep impoverishment of the population. Emerging from this crisis will require a change in the paradigms of the reforms in the direction of strengthening the role of the state.

I hope that specialists on questions of taxes and finances will make recommendations for solving this problem. Let me note in passing that Novosibirsk mathematicians have developed a highly effective and precise algorithm that makes it possible to find on the spot and calculate sequences of mutual settlements for problems of practically any size and to optimize the directions and volumes of credit infusions according to the criterion of minimizing the bottlenecks in the payment system.

In the government's plan of actions special attention should be devoted to the creation of a social structure with a high buying power for the majority of the population and elimination of all privileges that are not the direct result of higher labor productivity.

Regarding questions of regional policy, it is impossible to bypass another subject that is painful to us—relations between the center and the region. Before perestroika, when we were building a classless society and Moscow continued to build a model communist city, a rather lame joke was going around in Siberia: We have only one exploiter class in the country—the Muscovites. Everyone knew that the norms in Moscow were different, that there were more imports, and that their food products were better. But the differences were not egregious. According to statistical figures for February 1994, the level of monetary incomes of Novosibirsk residents lagged behind those of Muscovites by a factor of almost three. Moreover, according to estimates of experts of the Federation Council, such attributes of centralized power as federal taxes, the funds of branch ministries and departments, centralized nonbudget funds, and others brought about a concentration in Moscow of up to 80 percent of the financial and credit resources of Russia.

Under market conditions, when money is of decisive significance for society, this kind of centralization, in my view, is worse than the administrative-command system. If one looks at such an important indicator as average budget support per one resident, it turns out that here too the people of Novosibirsk are being treated unfairly today. According to figures for 1993, this indicator amounted to 70 percent of the average federal level and 46 percent of the average for Western Siberia.

Much needs to be changed here. For example, it is not permissible to have a single minimum wage for all of Russia when we have an imperfect system of regional coefficients that developed under conditions of a centralized economy. Taking advantage of Sergey Mikhaylovich Shakhrai's presence here, I would ask the government to revisit the question of raising the regional coefficient to wages in Novosibirsk Oblast and the mechanism for financing costs of enterprises and organizations that are linked to this.

Another example: The formation of territorial budgets and their relations to the federal budget, and also the Central Bank of Russia. So much has already been said about the harm caused by granting all kinds of benefits and privileges out of subjective motives or national indicators. Why are certain regions exempt from taxes and receive certain exclusive rights while others do not receive these rights and are not exempt from taxes? I would not ask this question if this kind of redistribution had been done openly and on a scientific basis as it is in civilized countries. But this is not the case. And seeing the draft budget for 1994 convinces us of this once again. At the same time the president in his speech in the Federal Assembly named "overcoming the obvious unfairness in benefits and privileges to the regions" as the task of the year. We support the government's intentions to establish standard principles for budget relations in Russia and to conduct a clear-cut and, I emphasize, open budget policy. In our view, this would contribute to strengthening the unity of Russia more than the most brilliant verbal declarations.

Unfortunately, an analysis done on the basis of new approaches to the draft of the budget of the Russian Federation shows that the system of budget transfers adjusted by a fairly arbitrary subsidy to the regions that are called "especially needy," taking into account differences in volumes of centralized financing and capital investments, again leads us to the old results. What kind of equalization of conditions can there be if only additional subsidies to certain neighboring territories which are "especially needy" are sometimes comparable to the overall volume of revenues planned for the budget of Novosibirsk Oblast, including the notorious transfers.

A couple of words about the problem of differentiation of incomes. I have just spoken about territorial differences. But interbranch differences in wages and incomes inside each oblast are even greater. Finally, within an individual firm or department there can be an immense, sometimes 10-fold difference in wages. The detonator for the social

explosion could be a situation whereby in one village a milkmaid receives 8,000, a postman—60,000, and a worker in a tax institution—200,000, where a cleaning lady in a commercial bank earns more than an academician with a name recognized throughout the world. We are moving from one extreme—the idea of universal equality and brotherhood—to the other—glaring inequality. But this extreme is much more dangerous and immoral.

The implementation of many of the tasks set in my report and others will require coordination of efforts of the center and the regions in carrying out state policy in all spheres of the life of society. In this connection during the period of preparation for the conference there arose the idea of creating in Novosibirsk a regional center for supporting Russian statehood and developing it. It is suggested that this center in the process of its activity would do prognosticatory-analytical research and development on draft laws under contracts with state organs at the federal and regional level and also through its own initiative. In order to clarify attitudes toward this and obtain your advice as to how best to organize the work of this center, a small questionnaire has been compiled and distributed among the participants. I hope that each participant in the conference will answer the questions on it, which will help us to correctly orient the activity of the center for support of Russian statehood.

The proposed approaches to the stabilization of the economies of the regions require qualified discussion and detailed development. I believe that this discussion could take place at this conference. Nor shall I conceal from you that the social commissions under the oblast administration, which include leading scholars, experienced businessmen and entrepreneurs, and workers of financial-credit institutions, has already developed a package of concrete proposals for anticrisis measures. We have studied the experience in implementing anticrisis measures in Ulyanovsk, Voronezh, and Nizhniynovgorod Oblasts and the state of affairs in the neighboring regions. We are waiting for proposals from our guests as well. But after discussion it is important to act on what is proposed.

Under the conditions of sharp socioeconomic fluctuations and chronic [word illegible] in federal legislation we in the oblast have arrived at the need to make maximum use of the rights granted by the new Constitution to components of the Federation in the area of norm setting. Based on the provisions of the new Constitution, the president's message, the experience of other regions, the Human Rights Declaration, and recommendations from the present conference, we shall begin to take extraordinary anticrisis measures on the territory of Novosibirsk Oblast. The measures we shall introduce shall envision:

- state regulation of prices and rates for products of monopolists;
- improvement of the system of taxation in the direction of increasing the buying power of the oblast's population;

encouragement of the production of necessary goods; preservation of effective jobs;

- a complex of measures for combating commodity and monetary circulation that is not accounted for;
- commodity quality control, especially of foodstuffs, aimed at all-around support for the consumers;
- active support for the agro-industrial complex;
- regulation of the wage level in the direction of eliminating unjustified distortions, exercise of the citizens' right to equal pay for equal work as envisioned by the Human Rights Declaration and Russian legislation, the fight against unearned incomes, and other measures as well.

Of course it is impossible to come up with a radical solution to these problems in an individual area without state support. Therefore we are waiting for the comprehensive government commission which Viktor Stepanovich Chernomyrdin promised to send us. The goals we are setting in our own anticrisis program are aimed at stable development of the territory, they are clear, and they should gain support. Our program envisions that each person, young or old, each worker, in the rural areas or the cities, each student, graduate student, scholar, artist, painter, entrepreneur, hired worker, physician, teacher, and others will finally receive what every person deserves—the right and the chance to live in a worthy way, like a human being.

And this is not a slogan. We are proceeding from a key provision of Article 18 of the Constitution of Russia to the effect that the rights and freedoms of the human being and citizen are immediately applicable and determine the meaning, content, and application of the laws as well as the activity of the legislative and executive powers.

Steps To Stabilize Regional Economy Viewed

944F0642A Novosibirsk SOVETSKAYA SIBIR
in Russian 26 Apr 94 p 2

[Speech by V. Koptug: "Attempts To Resolve the Question in Parts Is Doomed to Failure (Speech at the Scientific-Practical Conference 'Strategy of Stabilization of the Economy of the Region: Problems and Resolutions'")]

[Text] A feverish search is going on today at the level of state and territorial structures for extricating industries and territorial multibranch complexes out of the profound crisis in which they find themselves. Programs are being considered and formed on how to stop the slump and to restore the most important spheres of the economy of Russia (the fuel-energy sphere, enterprises of the military-industrial complex, the agro-industrial sector, the municipal economy, etc.) and its regions, krays, and oblasts. These programs are being lobbied by representatives of industries and territories in the Federal Assembly, in the Russian Federation Government,

and on the president's staff. In the process, someone succeeds in extracting something, but the situation, on the whole, is only getting worse.

To do justice to the significance of today's conference on problems of the development of Novosibirsk Oblast and the efforts of the Siberian Accord interregional association throughout Siberia in general, which is important for the future, I would like to note immediately that the efforts to resolve the question in parts are doomed to failure. The question of "how to survive" can be resolved in part, but it is impossible to find an answer to the question of "how to live and develop?"

If we go along with the "reforms" conducted in recent years, if fundamental changes are not introduced in the strategy of socio-economic transformations in the country, then it simply would be daydreaming to count on the fact that, with the help of industrial and territorial programs, we will succeed in averting a further drop into the abyss of a crisis and in improving the situation in the regions.

Why? Let us analyze it.

The pivotal point of the reforms being conducted in our country is the attempt to introduce comprehensive market relations and private property across the board, even on the land on which we all live and feed ourselves. To expect that the market and general privatization in property will themselves regulate everything is ridiculous. Russians have already felt the full impact on themselves of just what a "wild market" is, but a civilized market is built over decades. It is impossible to build a civilized, regulated system of market relations in 500 or 1,000 days. And this must be clearly understood. The country is reaping the fruit today of the "revolutionary" effort to join the market.

Why do I think that today's attempts to resolve the problem in parts is hopeless? First of all, because the country at all levels of management—state, branches of industry, and local—was deprived of the basic part of investment resources. And the matter here is by no means only in the catastrophic slump in the volumes of production, although there was no such production crisis in the entire history of the development of industrial countries in peacetime. The sharp slump in production is not so much a reason as a consequence. The consequence of the kind of policy that was conducted in Russia during the last two years.

What then do we have as a result of the clumsy reformation?

The introduction of elements of the market system were absolutely correctly reasoned as a need to arouse the initiative of the people, and with the help of entrepreneurial structures to ensure a rise in the output of products for the spheres of consumption and production. But for this, the levers of state stimulation of private-entrepreneurial production should be engaged, not even to mention the state sector. Did the state guarantee this?

No. Although the support and protection of the domestic producer is the sacred obligation of the state and of those who formulate policy.

Today, as a result of the disproportion of prices for raw materials, energy, transport, and industrial articles, and the incredibly high credit interest, to produce something in the overwhelming majority of production sectors means to operate at a financial loss. What kind of an entrepreneur will begin to do this? It is precisely for this reason that the entrepreneurial structures in Russia went mainly (by 90 percent) along the path of trade, and, more specifically, speculation. Playing on the already mentioned price disproportions, they are amassing enormous capital that is not invested in domestic production, but is exported abroad. The accumulation of capital in the countries to which capital is exported makes it possible to lower credit rates there and thereby expand investment in production. It is embarrassing for me to call things by their name. Ask Western economists how they would characterize the actions of their government, if they would permit a similar situation. In the system of market relations, the principle of "self comes first" works especially distinctly. But so that the concept of "self" include not only personal, but also national interest, developed countries have built a very tough system of regulators and limiters.

But how much capital "flows away" abroad? According to the estimates of the experts, about \$30 billion have been exported, and about \$1.5 billion are exported monthly at the present time. This is an enormous blow against the economy of Russia.

Judge for yourself. An attempt is being made to draw up the state budget of Russia for 1994, which is being discussed at the present time, with an increase in expenditures over incomes by approximately 10 percent, or, in a monetary expression, by 60 trillion rubles [R], which is equivalent to \$33 billion, and the annual export of capital is valued at the present time at \$18 billion; i.e., more than half the budget deficit. According to official data, \$15.5 billion out of the \$48 billion value of exports did not return to Russia. But through channels that are not monitored?

In similar situations, civilized countries conduct strict control over the export of capital in order to force it, with the help of economic and legislative measures, "to work" in their own country.

While not undertaking the necessary measures in this direction, Russia at the same time is trying to cover the chronic deficit of the state budget at the expense of foreign loans. But, first, two-thirds of foreign credits usually remain in the crediting countries to support the production of that product (be it grain, industrial articles, or technology) that is later delivered to Russia owing to the credits. Thus, we are once again stimulating the development of production and the creation of jobs most of all not in our own country, but among our neighbors, burdening our state budget with foreign debt

interest payment obligations. Second, that third that does come to Russia disappears "in the sand," as a result of the chaos in the spheres of management and control. Third, the real sum of financial resources that came to our country during two years (1992-1993) because \$15 billion in foreign credits amounted to \$4 billion, which corresponds to the total export of capital for two and a half months.

No less a powerful blow to the economy of the country was delivered and is being delivered by the insane policy of privatization. I cannot call the privatization that is being conducted at government level anything other than a fantastic swindle. I will not talk about the enormous disorganizational role of this policy with respect to industry, agriculture, the municipal sphere, etc. I will dwell only on the financial side of the matter. What is a voucher from a financial standpoint? Nothing more than a small share of a monthly wage. Anatoliy Borisovich Chubays, at the beginning of the "division" of state property, gave assurances that every voucher is at least equivalent to a passenger car. But no matter how much you try, you will not succeed in finding a commercial structure that is ready to take a voucher in exchange for a passenger car or other motor vehicle. One voucher is nothing, but thousands and tens of thousands of vouchers in the same hands, this is considerable, inasmuch as they give the owner the right to acquire large property at a favorable price, and in this case the voucher can really be "converted" into a passenger car.

Did the people win as a result of voucherization? No. Did the state win from it? Also, no. I will explain why the last answer is also negative. Toward the beginning of 1994, somewhat more than half of the state enterprises in the country were privatized, principally small and average ones. Now, in order to complete the privatization program before the summer of 1994, the privatization of large enterprises is unfolding at an increased pace. The "revolutionary" nature of the pace and methods of privatization is akin to the "revolutionary nature" of the shock construction of the system of market relations. The privatization program allegedly pursued economic objectives, but, in fact, they were purely political. Now, these objectives are no longer concealed—to quickly create a class of large property owners who would not allow the policy of capitalization of the country to be stopped. And it must be said that the achievement of this objective is not far off. And perhaps it has already been achieved, which I will talk about below.

Did the state receive anything on an economic plane from the implementation of the privatization program? As an answer to this question, I will quote an excerpt from a March article of John Ross, an economic adviser to a group of Laborites of the British Parliament, which was published in DELOVOY MIR.

"...In order to understand what this means for state incomes, it is necessary simply to note that the privatization of one large steel foundry in Brazil—

Usiminas—gave the state \$1.17 billion. In Mexico, the privatization of 950 enterprises (and in Russia by the start of 1994, 85,000 enterprises were privatized—V.K.) gave the state \$23 billion. But, after all, both the Brazilian and Mexican enterprises are incomparably smaller than, for example, ZIL. Nevertheless, in Russia the income from privatization was practically zero in comparison with the value of the removed funds.

"The implementation of this program had an exclusively macroeconomic consequence. The squandering of state property made it qualitatively difficult to finance the budget deficit. Thus, this privatization program from the beginning deprived the country of income from property that belonged to it, and afterwards the possible profits from its potential sale. The indirect consequences of this policy, operating through the budget, will lead to a reduction of credits and, as a consequence, to the closing of enterprises.

"Unquestionably, it was not the Central Bank that was the biggest creator of the budget deficit in Russia, but the privatization committee."

Thus, the objective that was really pursued by the authors and implementers of "shock" methods of introducing the market system and privatization, and specifically, the formation of a class of large owners of capital and property, was achieved. According to official data, 10 percent of the most well-to-do people in Russia on the average have incomes that are 11-12 times greater than 10 percent of the people who are least provided for. In a number of regions, this ratio is two to three times higher, and if the unaccounted for and concealed incomes are considered, it undoubtedly is even more. Such a disproportion cannot help but prompt social disruption.

For the reasons talked about above, the new class will not invest its capital in Russia's economy in the near future. Their prime task now is to take power into their own hands, real power, and not official, window-dressing power. The answer to the question "Can something still be done to stop the fall of Russia into the abyss?" depends on how far they have already moved ahead in this direction.

It is a difficult question. Judging by certain signs, they have moved ahead far. Remember, for example, how many times a resolute straggle was proclaimed against organized large-scale economic and physical crime and against that without which organized crime cannot exist—against corruption of the state apparatus—but it turns out in practice that despite the measures that are being proclaimed, these monstrous ulcers on the body of the country are only spreading. Not only is trade shifting to the control of criminal structures in increasingly greater measure, but also such very important spheres as the system of money circulation, foreign economic relations, and privatization. The state allows the swindlers in the sphere of business to collect enormous amounts of money from the population through fake banks and funds and to disappear with them without a trace.

But what is to be done, if some chances of saving the economy still exist? It follows from what was said above that the resolution of economic problems today lies most of all in the political sphere and in the sphere of government management.

The failure of the "shock therapy" policy in Russia is obvious. The consequences of this are very grave. It is necessary to admit this courageously and to display the will for a decisive correction in policy. This is required of both the leaders of the country and society. I will mention in this connection the winged phrase of Academician L.I. Abalkin: "Christ was crucified on the demand of the masses!" By whom and how such a demand of the masses is formed is another question.

I fully agree with the words the president of the Russian Federation uttered at an expanded meeting of the government at the beginning of March of this year: "A policy is required of the government today that is calculated to have promise. To reform the economy at any price is an erroneous slogan. The people can reject a reform that is too burdensome" (which, in fact, occurred in the elections to parliament of Russia in December of last year). "In the end, the government must realistically develop a structural-investment policy. There is no other way to stop the technological roll back of Russia's industry. Otherwise, we can lose what little we have—industries, retained personnel, technological and other positions on the world market, and a native intellectual potential."

Correct words, only they are pronounced with a big delay. If deeds follow words with just as much of a big delay, then it will already be late.

What steps have to be taken now to create the conditions for restoring production in Russia? The same ones spoken by that outstanding president of the United States, Franklin Roosevelt, who was elected to this post at the beginning of the 1930's, when the country was rapidly plunged into the abyss of an economic crisis that resulted from "a wild market"—he introduced tough state regulation and began to ease it when the country was once again on its feet. Borrowing from the Country of the Soviets the experience of strategic planning and state regulation, after adapting it to the capitalistic system, he saved this system.

But over the course of three-quarters of a century, we have closed our eyes to the experience of the development of capitalist countries, ignoring the fact that state regulation can be implemented not only by the command method, for which we paid or plunged ourselves (or we were pushed) into another extreme, but by more effective economic methods. Perhaps, at least now, while sliding toward the abyss of a crisis, we will see clearly and we will borrow from the history of the United States the path suggested to them by our country for getting out of the crisis. But this requires the firm will of the leaders of the country and an understanding of their actions by the people. Persuasions according to the principle of Leopold the cat have little promise today.

In a speech at the expanded meeting of the government, the president of the Russian Federation, while characterizing the actions planned for 1994, declared: "I will begin by bringing order and strengthening state economic principles." It would be very nice, if this did not remain just a declaration.

If we are talking about a correction of the economic sphere as such, then one of the paramount questions here is the monstrous disproportions in prices, and the key elements are the prices in the fuel-energy complex and in transport. On the one hand, the fact that domestic prices for energy sources are below world prices leads to the current conditions of criminalizing the sphere of their removal to the foreign market and to an increase in the already mentioned accumulation of capital abroad. On the other hand, an increase in domestic prices for energy sources will result in an industry that is already collapsing without this and will increase the total amount of mutual nonpayments.

Let us imagine that the prices of energy sources will be increased to world prices. Inasmuch as the energy and material consumption of our industries, as a rule, is higher than in developed countries, and labor productivity is lower, the prices for the products of these industries will increase higher than world prices, and, given open national borders (with respect to foreign economic relations), this production will turn out to be noncompetitive not only in the foreign market, but in the domestic market as well. The consequences are obvious—industry and agriculture will be utterly ruined

Consequently, to raise domestic prices for energy sources to world level without erecting customs barriers for imports of key types of products is impermissible. But inasmuch as our industrial production should be brought onto the world market—otherwise we will always only sell raw materials and become a raw material appendage of the developed countries—then it is obvious that before industry is reconstructed and its indices approach those of the West, domestic prices for energy sources must be lower than world prices.

The level of favorable prices for energy sources should be tied strictly to a program of phased reduction of the specific (per unit of product) energy consumption of an enterprise. The wage fund of the workers of the enterprise should also be tied to this and other programs for increasing the efficiency of production. As long as the market mechanism is not working, the state is obliged to regulate the price of manpower; i.e., wages, at least in the main industries of the economy. But, today, the lack of coordination on wages in our country is unbelievable.

As for the fuel-energy complex, at least at first, it will have to be subsidized, while simultaneously cutting the Gordian knot of mutual nonpayments.

No less important for Siberia with its enormous territory is the level of the cost of transportation services. Expenditures on railroad transportation render many types of raw materials unsuitable for extraction, inasmuch as the

processing complexes are usually located in other points of Siberia. Even without this, transportation costs greatly weaken cooperative relations.

And, finally, the last thing I want to talk about, while contemplating the future of the country. Knowledge will be and is already becoming the main capital in postindustrial society in the developed countries. The destruction at all levels of education, fundamental and applied science, and culture will deprive our country of the future.

Therefore, it is necessary to consider the plans of the economic development of Novosibirsk Oblast and Siberia, but only the nearest events can be predicted. As for long-term projects and programs, without resolution of the aforementioned global overall state problems, there is a great probability that they will turn into harebrained schemes.

Territorial efforts today must be combined and directed at changes in the strategy of socio-economic reorganizations. The details of the strategy can be argued, but its outline is generally apparent. There is a whole series of sensible documents and reports bearing on this question, and pertinent decisions must be made. The time is short.

The adoption of such decisions can really only be achieved by the united efforts of the regions. The attempts of certain territories to extract resources or benefits only for themselves will turn into losses for everyone. Siberia needs economic integration of the territories on the basis of resourceful, technological, and economic mutual replenishment of each, and not disintegration. There is a need for the collective defense of a worthy place and role of Siberia in the economy of the country. It will be sad and vexing if the "Siberian Agreement" does not fulfill the hopes placed on it.

On occasion, one hears reproaches of separatist tendencies directed at Siberians. I do not think that there are objective grounds for this. It seems to me that an understanding prevails in Siberia that a sensible combination of regional and national interests can be achieved only given the unconditional supremacy of the federal legislative authority and the simultaneous transfer of a significant part of executive authority functions to the localities with a guarantee of economic opportunities to fulfill these functions. At the same time, the general federal policy with respect to the regions should take into account their main features and the significance of their development of the country as a whole.

As for the predictions and recommendations for the economic development of Siberia and its territories, we presented them at the appropriate All-Russian conference in June of 1993. They will also be given with an amendment to the events of recent months in this

Congress in speeches of representatives of the Siberian Department of the Russian Academy of Sciences.

Without going into detail, I will say that the core of these recommendations is the position that it is precisely Siberia with its very rich resources, production, and scientific potential, and special territorial situation, that can play the "role of the locomotive" that will pull the country out of the crisis. This can be done by implementing the conditions mentioned above and by declaring Siberia a zone of strategic interests of Russia.

The alternative is that Siberia can become a zone of strategic interests of the United States. After all, fantastic ideas of purchasing Siberia from Russia for about \$3 trillion, with the payment of this sum over 20 years, are already being nurtured; moreover, half with "payment in kind"; i.e., with the goods and services of the producers of the United States. The delirium of a madman? I would grade similar proposals precisely as delirium, but the fact is that the Western mass media only publishes "delirium," when there is a demand for it, and when it is necessary to sound out the opinion of those whom this might concern. This should be kept in mind when encountering similar delirious ideas.

First Session of Oblast Soviet Reviewed

944F0644A Novosibirsk *VECHERNIY NOVOSIBIRSK*
in Russian 27 Apr 94 p 1

[Article by Vladimir Kuzmenkin: "The Council—New, the Chairman—Previous"]

[Text] Undoubtedly the central event of the first day of the first session of the Novosibirsk Oblast Soviet of Deputies was the election of its chairman.

Some people saw this as a real theater with all the trimmings: the director, the actors, the intermission, and the buffet; some saw it as a political game; and some saw it as a real drama....

In the morning 34 people's deputies approved the agenda, excluding from it the point about considering the oblast's socioeconomic situation at the session. It was reasonable to exclude this since the oblast administration had decided to revise the figures taking into account the results of the recent scientific-practical conference in Novosibirsk. The deputies also formed seven committees and immediately demonstrated their attitude by refusing to allow the leader of the chancellery, a deputy of the Federation Council, Aleksey Manannikov, or Olga Lesnevskaya to attend the session. After a brief but stormy discussion with the participation of the oblast procurator they agreed that the decisions would be adopted by the soviet based on the number of elected deputies—34. (Let us recall that there should be a total of 49 deputies in the oblast Council.)

After the recess the deputies elected the chairman and, in spite of expectations, (the people intended to go home by 1500), the elections dragged on. There were three people in the running: Anatoliy Sychev, Aleksandr Kiselnikov, and Pavel Isayev. The head of the former Soviet of People's Deputies noted that he could "consider himself a professional in this business" and discussed in detail the tasks of the new Soviet of Deputies (without the epithet "people's"). His major opponent was the well-known Novosibirsk economist-analyst A. Kiselnikov, who also discussed in detail his vision of the future work of the deputies. The third candidate, incidentally, a recent candidate to the State Duma, Pavel Isayev—a scholar from Akademgorodok—put himself in the running and defined his main task as to break down the image of Novosibirsk Oblast as "the most conservative and irreconcilable region." It was clear that the battle would be between the first two candidates. And that was the way it went: Sychev received 14 votes, Kiselnikov—six, and Isayev—three. But in order to become chairman it was necessary to gain the support of a minimum of 18 deputies. In the first round 11 deputies did not vote for anyone, and here is what is interesting: Among the deputies were 11 administration chiefs (Nikolay Krasnikov—the administration chief of Koltsov, representing Russia's Choice—was not counted)....

Thus began the theater or game or call it what you will. The VECHERNIY NOVOSIBIRSK correspondent learned from reliable sources that the scenario became known in the morning, and this was brilliantly confirmed during the day. During the second round A. Sychev garnered 17 votes and A. Kiselnikov—11, and, in keeping with the election regulations, a new nomination was started. Aleksandr Kiselnikov withdrew his candidacy and it was suggested in a cheerful voice from the microphone that they elect a "rural person." That is what Nikolay Baraulin, Toguchinskiy Rayon administration chief, was. In his extremely brief speech he stated that he had already been elected 24 times and if they trusted him, he was ready. Precisely who "should" was not stated aloud, but everyone understood that now the aforementioned 11 people would express their opinion. Many deputies were disturbed about the "games" and deputy Plyushkin, a physician by profession, suggested that they give a lot of thought to what was going on in the hall and express their opinion anyway because "abstention was dangerous to the health." As a result, the people's elect took the doctor's advice and in the meantime, breaking the opponent's game, started playing their own. Anatoliy Sychev gathered 19 votes, and his opponent—only 13.

And so Anatoliy Pavlovich Sychev was elected chairman of the Novosibirsk Oblast Soviet of Deputies.

'Environmental Safety Days' Observed

944F0655A Novosibirsk VECHERNYY NOVOSIBIRSK in Russian 27 Apr 94 p 10

[Article by Irina Nikolayeva: "How To Make Ecological Concerns a Business Subject"]

[Text] **Between 15 April and 5 June, "Ecological Safety Days" are being held in Russia; our city and oblast are actively participating in this event.**

In particular, the recently created public organization—the Ecological Equilibrium foundation—opened its first self-financing structure in April, the bureau of environmental evaluation, whose primary business will be putting together normative documents for enterprises regarding maximum allowed discharges into the atmosphere. They will do it in cooperation with the foundation's partner—the Logos scientific-industrial foundation.

The bureau plans to offer other types of evaluation as well. I would remind that the Ecological Equilibrium foundation presented itself to the public on 1 March, describing as its goal development of environmental business. This organization intends to turn money-losing ecology into a zone of profitable and stable business. The bureau will conduct independent evaluation and project appraisal and bring it to a "working" condition by bringing in a broad range of specialists, including economists.

The first business project the foundation is already working on will be waste utilization at the Kudryashevo swine-breeding complex—one of the four largest animal husbandry complexes in Russia. Liquid waste will be processed into a solid substance—organic fertilizer. Remarkably, this requires minimal equipment, while productivity is quite high—as high as the demand for organic fertilizer.

The next step earmarked for implementation this year is the creation of a minicomplex: a parking lot, a gas station offering a skeleton set of repair and maintenance, and a car wash. Of course, there are quite a few such facilities in the city, but none meets ecological safety standards. The new one, which is envisaged to be built in the Krasnoobsk area, will be fitted with a closed-loop purification system. This brings up a question: Why was it necessary to set up a public organization if the problems of ecological equilibrium are worked on one way or the other by state structures—the oblast and the city committees on ecology and natural resources.

"Briefly, I can answer it this way: State ecological organizations spend taxpayers money on liquidating the consequences of poor management. How successfully—you judge for yourself. Our foundation is trying to attract the public that is in some way or the other concerned over the unhealthy environment, earn money, and invest it in economically profitable projects and programs, in, as they say, 'high technology,'" replies foundation President Oleg Nikolayevich Kolmakov. "At the same time, we work in close—one may say, brotherly—contact with the oblast and city committees."

Secret Order by Moscow Internal Affairs Details Crime Rate

944F0644B Novosibirsk *VECHERNIY NOVOSIBIRSK* in Russian 13 Apr 94 p 3

[Article by Aleksey Overchuk: "Planned Crime. A Gangster for Every Militiaman!"]

[Text] The Moscow GUV D [City Internal Affairs Administration] has delivered a volley of paper against crime. Using secret orders and instructions in Petrovka they hope to win the war against crime. Previously the leaders explained in words who should catch how many gangsters. Now the GUV D has issued secret order No. 017. The local offices quickly adjusted. The militiaman had forgotten the number of criminals assigned to him, he went up to the board on which the orders were posted and looked. And there he saw, for example, **order for the Southern Administrative District of the City of Moscow of**

10 March of this year signed by Major General of the Militia Ye. Rozhkov. It gives the sections the assignment of solving from one to three crimes each month, reporting on no less than two people who have been previously convicted, one drug addict, and so forth.

The roundup of the criminal brotherhood has been placed on a conveyor belt.

The operations workers laughed their heads off over these figures. The regional division for combating organized crime of the Southern District during the month ordered that six criminal groups be caught. They were to uncover seven crimes committed by the same criminal groups and uncover a total of 16 crimes. The main thing is that everything must go according to plan. They may catch more, but by no means fewer. If they do not fulfill the plan they will be docked half their salary. And if they catch more—there will be a reward. The plan will be increased.

The most terrible figures are for the workers of the state automotive inspection. The department of the GAI [State Automotive Inspection] and GPS [Patrol and Guard Service] must catch 72,532 drivers a month for traffic violations. The pedestrians got lucky. Fewer of them will be caught—20,723.

This plan deals a blow to us first of all. But it is easy to evade it. On the first days of each month try to stay home as much as possible. Let them catch the people who do not read our newspaper: They will help the militia fulfill their monthly plan.

BASIC MINIMUM INDICATORS for Increasing Effectiveness and Improving Quality of

Indicator	Internal Affairs Divisions of Municipal								
	B.V.	B.Z.	Brat.	Danil.	Donsk.	Zagor.	Zyabl.	M.-S.	N.-S.
OUR Division									
Total I/s—on list	20(5)	12(2)	11(2)	19(4)	10(2)	10(1)	16(4)	13(3)	15(4)
Filed DPOP	8	5	5	8	4	5	6	5	6
Filed OD	4	3	2	4	2	2	3	3	3
Acquired	4	3	2	4	2	2	3	3	3
Crimes revealed	45	28	25	45	25	25	38	30	35
Division of Precinct Inspectors									
Disorderly conduct report filed	18	11	9	9	5	5	15	10	10
Report on maintaining illicit premises filed	14	9	8	7	5	5	12	8	8
Sent to therapeutic labor facility	6	4	3	3	2	2	5	3	3
Sent to hospitals	167	105	87	81	50	56	143	93	93
Patrols in courtyards organized	20	13	11	10	6	7	17	11	11
Passport desk									
Dormitories inspected	18	12	6	3	6	4	4	4	4
Hotels inspected	3	3	—	6	—	—	—	6	6
Enterprises inspected	12	10	8	20	15	15	8	10	10
Markets inspected	3	3	—	3	3	3	3	3	3
Apartments inspected	20	19	29	15	26	17	29	25	25

Set the arrival time of the mobile PPS (Patrol-Guard Service) details at the scene of the crime, taking into account the borders of the territories served, within seven minutes.

Each month complete the investigation of no less than 40 percent of the criminal cases involving individuals.

Within seven days complete internal investigation of each violation of discipline and law and order. For official abuses, drunkenness, loss of weapons, participation in commercial activity of guilty parties, they will be discharged from internal affairs organs.

*Note: The table gives excerpts from the appendices to the order for the Southern Administrative District of Moscow.

B.V.—Biryulevo-Vostochnoye, B.Z.—Biryulevo-Zapadnoye, Brat.—Brateyevo, Danil.—Danilovskiy, Donsk.—Donskoy, Zagor.—Zagorodnyy, Zyabl.—Zyablikovo, M.S.—Moskvorechye-Saburovo, N.S.—Nagatino-Sadovniki, N.Z.—Nagatinskiy Zaton, Nagor.—Nagornyy, OBLASTS.—Orekhovo-Borisovo Severnoye, OBYU.—Orekhovo-Borisovo Yuzhnoye, Pavel.—Paveletskiy, Simon.—Simonovskiy, Tsarits.—Tsaritsino, Ch.S.—Chertanovo Severnoye, Ch.Ts.—Chertanovo Tsentralnoye, Ch.Yu.—Chertanovo Yuzhnoye.

Operational-Service Activity of Internal Affairs Divisions for Each Quarter of 1994

Districts of the District Internal Affairs Administration

N.Z.	Nagor.	OBS	OBYu	Pavel.	Simon.	Tsarits.	Ch.S.	Ch.Ts.	Ch.Yu.	OUVD*
21(5)	13(2)	14(2)	19(5)	6(0)	18(4)	19(4)	14(3)	18(3)	22(4)	290(59)
8	6	6	7	3	7	8	6	8	9	120
4	3	3	4	2	4	4	3	4	5	62
4	3	3	4	2	4	4	3	4	5	62
50	30	33	45	15	43	45	33	43	50	693
17	10	10	20	3	8	15	12	16	20	231
14	8	14	16	3	7	12	10	13	17	193
6	3	6	7	1	3	5	4	5	7	78
161	93	167	186	25	74	143	110	149	198	2,189
20	11	20	23	3	9	17	14	18	24	265
4	3	5	10	1	6	10	4	6	6	116
3	3	6	—	2	—	3	6	6	6	59
11	12	10	12	15	20	12	12	10	20	242
3	3	3	3	—	3	3	3	3	3	51
24	25	22	22	5	25	24	24	24	33	433

Luzhkov Explains Stand on Caucasus Natives

944F0655B Moscow OBSHCHAYA GAZETA
in Russian No 16, 22 Apr 94 p 7

[Interview with Moscow Mayor Yuriy Luzhkov, by unidentified OBSHCHAYA GAZETA correspondent under the rubric "You Talk—We Listen"; place and date not given: "The Mayor of Moscow Explains to Caucasus Natives Who Is Not Welcome in Moscow"]

[Text] Muscovites' relations with capital city visitors have not been very smooth lately. Especially visitors from the Caucasus. The Moscow militia is frequently accused of purposeful persecution of "persons of Caucasus origin," while rumor has it that the capital city authorities encourage these unlawful actions. Moscow Mayor Yuriy Luzhkov does care about the reputation of his city and the city authorities. Therefore he decided to visit the Republic of Dagestan in order to discuss at the point of origin the problem of relations between Muscovites and Caucasus natives. After

the trip, Yuriy Mikhaylovich shared his impressions with a OBSHCHAYA GAZETA correspondent.

[Luzhkov] When you have a problem, the best way is to go and study it "at the source." In the beginning of March four Dagestanis died in shoot outs here in Moscow. Some figures in Dagestan began to distort the causes of these people's deaths; a version began to circulate that they had died as a result of negligence on the part of authorities, and that in general Caucasus natives are treated badly in the capital city.

When I talked in Moscow with republic Supreme Soviet Chairman Magamedov and Ramazan Abdulatipov, they said that people need objective first-hand information. Then I decided to make a trip there and explain to Dagestanis what the situation in Moscow is, how we feel about citizens of this republic, whom we welcome, and whom we do not.

You may say that my visit was a complete success. We visited cities and villages; I gave an interview on television, in which I said that the main cause of crime is the

dire economic state of the republic. They have to deal with the unemployment problem, use all production and natural resources to get rid of this trouble—mass unemployment. Because many people from the Caucasus go to Moscow and St. Petersburg and join criminal groups because of poor conditions at home.

People kept asking me about registration of persons of "Caucasus origin" in Moscow. I said: Dagestan is part of Russia; none of our decrees say anything about registering citizens of Russia, so this question is misdirected. Yes, we require that Chechens be registered, because Chechnya proclaimed itself an independent state. So let them register. As to what "a person of Caucasus origin" is, I do not know. I know the Caucasus; I know numerous nations that live in the Caucasus; they are all very different, very original, and you cannot measure them all with the same yardstick—this is absurd and illiterate. In my opinion, crime does not have a nationality. If 50 percent of the crimes in Moscow are committed by Russians, what do Dagestanis have to do with it? If 10 percent of the crimes are committed by Ukrainians, again, what do Dagestanis have to do with it? We do not divide crime by ethnic attributes.

Speaking of the situation in Moscow, the problem of interethnic relations has been resolved. I do not want to brag, but I can say that Moscow remains a city of ethnic diversity, where people live together peacefully, and we do not have serious ethnic conflicts. We are currently opening Korean, Georgian, Armenian, and Tatar schools in Moscow—to make things easier and more comfortable for people of other nationalities who live permanently in Moscow, so that they will not abandon their culture, their language. This is very important.

Together with me on the visit to Dagestan was Yuriy Tomashev, first deputy chief of the city administration of internal affairs [GUVd]; he brought additional information and handed it over to Dagestani internal affairs organs and leadership. And this problem got special emphasis in our joint protocol. We agreed that it is necessary to keep each other informed on the state of suppression of crime. Also that a representative of the Dagestani Ministry of Internal Affairs will be assigned either permanently or on an as-needed basis to work in the GUVd with members of the capital city militia. So now we will fight crime together, regardless of personalities and nationalities.

Luzhkov Law on Tax of Foreign Currency Sales in Moscow Exchanges

944F0656A Moscow MOSKOVSKAYA PRAVDA
in Russian 14 Apr 94 p 10

["Law of the City of Moscow on the Fee on Purchase-Sales Transactions in Foreign Currency Completed in Exchanges in Moscow"]

[Text] Article 1. Payer of the Fee

The payers of the fee, in keeping with the provisions of Russian Federation law No. 3615-1, dated 9 October 1992, "On Currency Regulation and Currency Control,"

shall be the following participants in transactions for purchase and sales of foreign currency completed in exchanges located in Moscow, their branches, and structural subdivisions which have independent balance sheets and working accounts in bank institutions (hereinafter—exchanges):

- enterprises and organizations, regardless of their form of ownership and organizational-legal forms, which, according to existing legislation of the Russian Federation, are legal entities, their branches, and other structural subdivisions with independent balance sheets and working accounts (for bank branches—correspondent accounts or correspondent subaccounts) in bank institutions and also foreign legal entities;
- citizens of the Russian Federation, foreign citizens, and individuals without citizenship.

Exchanges at which transactions for purchase and sale of foreign currency are completed shall not pay the fee—on transactions completed at these exchanges if, according to the conditions of the exchange trade, they are participants in the transactions.

Article 2. Object of the Fee

The object of the fee shall be the sum of the transactions for purchase and sale of foreign currency completed at exchanges of Moscow in keeping with existing legislation.

When buying and selling foreign currency the sum of the transaction shall be determined at the exchange rate as of the time of the completion of the transaction.

A fee shall not be charged for operations for purchase and sale of foreign currency completed by the Central Bank of the Russian Federation.

Article 3. Rate of Fee

The fee on transactions for purchase and sale of foreign currency completed in exchanges shall be paid in the amount of 0.1 percent of the sum of the aforementioned transactions.

Article 4. Procedure for Calculation and Payment of Fee

The fee shall be calculated in currency of the Russian Federation (rubles) based on the established rate and the sum of the transaction on the day of its completion.

Responsibility for the correctness of the calculation and the promptness of the transfer of the fee to the budget income shall be assigned to exchanges located in Moscow at which transactions for purchase and sale of foreign currency are completed and executed.

The fee shall be paid by participants in the transaction for purchase and sale of foreign currency according to the procedure whereby exchanges withhold the sum of the fee from the sum of the transaction at the time of its execution or through depositing the sum of the fee in a

working or other account of the exchange in a bank institution before the registration of the transactions.

The registration of transactions for purchase and sale of foreign currency completed in exchanges of Moscow which, according to conditions of exchange trade, are not participants in the transactions shall not be allowed without the payment of the fee.

In the event of a violation of this provision, the exchanges shall deposit into budget income the entire sum of the fee due for payment from the profit (income) remaining at their disposal after the payment of the profit tax.

Exchanges located in the city of Moscow at which transactions for the purchase and sale of foreign currency are completed must, by the deadline set for submitting the bookkeeping report, submit to the tax organ in the place where they are located rules for exchange trade in keeping with their regulations and the procedure for concluding or executing transactions for the purchase and sale of foreign currency.

Changes in the procedure for completing the aforementioned transactions shall be submitted by the exchanges to the tax organs also by the deadline established for submitting the annual bookkeeping report.

Expenditures made by participants in transactions to pay the fee on transactions for purchase and sale of foreign currency completed in exchanges of Moscow shall be included in the profit (income) remaining at their disposal after the payment of the tax on profit (income) or revenues (for legal entities), or income tax (for individuals).

Participants in the transactions shall pay the sum of the fee as follows: sellers of foreign currency—in rubles, buyers—in the foreign currency which is the subject of the transaction at the exchange rate for the transaction or the ruble equivalent.

Exchanges at which transactions for purchase and sale of foreign currency are completed shall calculate and pay the fee according to the procedure and by the deadlines established by the State Tax Inspection for Moscow in coordination with the Department of Finance of the Government of Moscow.

The fee on transactions for purchase and sale of foreign currency concluded at exchanges of Moscow shall be transferred into budget income in keeping with existing legislation.

Article 5. Responsibility of Exchanges and Control of Tax Organs

Exchanges at which transactions for purchase and sale of fixed capital are concluded shall bear responsibility for the completeness of the deduction and the promptness of the transfer to the budget of fees on said transactions in

keeping with the Russian Federation law "On Fundamentals of the Tax System in the Russian Federation" and the present law.

Monitoring of the correctness of the calculation and promptness of the transfer of the fee shall be provided by tax organs in keeping with Russian Federation Law No. 943-1, dated 21 March 1991, "On the State Tax Service of the RSFSR" (the redaction of Russian Federation law No. 3181-1, dated 2 July 1992) and the present law.

[Signed] Yu.M. Luzhkov, mayor of Moscow
Moscow
Moscow City Duma
30 March 1994
No. 4-24.

News From St Petersburg

Unemployment Figures

94P50138A Moscow *RABOCHAYA TRIBUNA* in Russian
4 May 94 p 3

[ITAR-TASS report: "There are 34,876 Unemployed in St. Petersburg"]

[Text] The situation in the labor market in St. Petersburg continues to worsen. The number of unemployed registered with the State Employment Service is 34,876 people. Since the beginning of the year 3,080 residents of St. Petersburg received the right to retire ahead of time by petitioning this service.

Business Education From Britain

94P50138B Moscow *RABOCHAYA TRIBUNA* in Russian
4 May 94 p 3

[ITAR-TASS report: "...and Several Managers With Diplomas"]

[Text] Now Petersburgers have the opportunity to earn British educational diplomas without going outside the city limits and even without leaving work. The Open School of Business of the Open University of Great Britain is offering this opportunity. There are three programs of study: "Professional Manager's Certificate," "Professional Diploma in the Area of Management," and "MBA Degree—the Highest International Level of Managerial Education."

Finns To Help Build New Power Plant in St Petersburg

94P50136A St. Petersburg *SMENA* in Russian
4 May 94 p 1

[Unattributed article: "A New TES [steam electric power plant] Will Be Built in St. Petersburg"]

[Text] Russia and Finland are conducting negotiations on the construction of a gigantic electric power plant in northwestern St. Petersburg.

The plant has been designed by a consortium of three Finnish firms: Ematran Voima, Polar and Siemens. Pile driving work is now going on at the site. The plant's first power bloc of 450 milliwatts will be ready at the end of 1996 and the second should come on line two years later. Then the Russian side will build two analagous blocs with its own resources. The Russians will be able to pay for delivery of western equipment with electric power which will be delivered to Finland for a sum of two billion Finnmarks.

St. Petersburg's power system requires 30 percent repair in the coming years. Two blocs of the Sosnovyy Bor nuclear power plant will be shut down in the year 2000. St. Petersburg is competely supplied with electric power but there is not enough for heating. Construction of a steam electric power plant for the expanding north-western region of the city will be a rational solution to this problem.

Nizhniy Novgorod Governor Views Future Prospects

944F0648A Moscow OBSHCAYA GAZETA in Russian
No 16, 22 Apr 94 p 8

[Interview with Nizhniy Novgorod Governor Boris Nemtsov, conducted by Yelena Dikun: "He Who Has Understood Life Does Not Hurry to Moscow"]

[Text] According to the results of the rating polls, Nizhniy Novgorod Governor Boris Nemtsov is regularly among the hundred most influential politicians in Russia. This is the second year that he has been included in the "who's who" of promising young leaders who will determine world policy in the next century. Does Mr. Nemtsov not feel cramped in his one individual province? Is he not being pulled closer to the Kremlin?

[Nemtsov] No, I say without any coyness: I want to be a governor. I have started an undertaking, maybe with some mistakes (I do not know if they are from youth or from stupidity), but some things have begun to work out. And now it would be madness to drop everything and move to Moscow. I do not exclude the possibility that in the future, but not very soon, I will be able to work in the government. However, I do not intend to participate in the presidential elections—neither in the upcoming ones, nor in the ones after that.

[Correspondent] The things that have "begun to work out" in Nizhegorodskiy Oblast, are they very difficult to superimpose onto an all-Russian scope?

[Nemtsov] The main all-Russian problem is the declining economy. The orthodox methods—to stop giving credits to everyone, to limit expenditures by any means, even if it is at the price of impoverishing the people—are unacceptable to Russia. It would be more correct to isolate specific promising sectors and to implement a rather harsh structural policy. Moreover, the criterion of promise should be determined not by whether some bureaucrat likes a certain sphere, but by where private capital is going, where the people are

investing their own money. Since this is associated with a great deal of risk and is done very cautiously, then, as a rule, this is an almost unerring choice. And the state has merely to support it from its own side. In this regard it plays a secondary role. If, for instance, today private capital is going for the development of service and to trade, then the state must also direct its money there. If private capital goes, for example, to construction, and a construction boom is becoming clearly outlined now, then state money should follow.

For example, the processing of agricultural production is very profitable. Last year we supported entrepreneurs, including also kolkhoz [collective farm] farmers who wanted to build private mills and sausage-making shops, to organize the production of cheese, yogurt, etc. There were 123 processing plants built with "mixed" money. As a result, we were able to kill three birds with one stone: We increased the profitability of agriculture, saturated the market, and broke up the monopoly of the processing sector.

Or here is another example. This year, conversion credit will be granted only to those enterprises which have found the funds for investment in their own production, either in domestic or in Western banks. In short, I look to see where the large banks are "diving." I find out what investment programs they have and, if there is a little money in the oblast treasury, I try to get it into the promising projects.

The second thing that may be imitated from us is the method of "tying up" the free public funds. The idea, which Yavlinskiy and I worked out in Nizhniy Novgorod, consists of issuing loans which are rather attractive to the citizens, and using the money obtained from the public for capital investments. At one time, loans uplifted the economy of Japan. On one hand, this is a struggle with inflation, since the "hot" money goes out of circulation, and on the other—it is an organization of investments. Unfortunately, it is difficult to offer loans on a federal level, since the population does not trust the government. But at the local level, judging by what is happening here in Nizhniy, this is still possible. The "Yavlinskiy loan," for example, was snapped up literally in a few months. Recently we offered a telephone loan. The citizens receive a certificate which guarantees them the installation of a telephone within half a year. For every overdue day, the telephone network must pay one percent. Therefore, naturally, we are interested in building the telephone station as soon as possible. Today we are trying to implement a housing loan.

[Correspondent] Your oblast is always being cited as an example. You are constantly being visited by high-level guests and government delegations. This is reminiscent of the model kolkhoz or plant which formerly served the leadership as a propaganda aid.

[Nemtsov] The only difference is that no one gives us money for "leading experience." We do not have any privileges as compared with others. In fact, everything depends on the political will of the governor: If he wants to do something, he does it. If he does not want to—he does not. As for the attention of well-known people, that is not a bad thing at all. First of all, we ourselves receive a certain stimulus. Secondly, often our experience becomes the property of all Russia, and sometimes even the CIS countries. And finally, such a situation is advantageous to me as governor. It is much better than having the image of a man who is constantly displeased with Moscow.

[Correspondent] You do not like to quarrel with the leadership, or is there no need for this?

[Nemtsov] I simply try not to conduct myself in a challenging manner. The concern for the interests of the region force the governor to be a pragmatist. If I am unhappy about something, if I feel that personal relations are starting to get in the way of the cause, I will express this in a personal conversation, and not in a newspaper interview. As long as I live in Nizhniy Novgorod and do not get involved in the Moscow shuffle, I will have normal relations both with the Kremlin, and with the government, and with parliament. But if I suddenly got the desire to engage in politics in Moscow, I believe that a number of conflicts with all the institutions of power would arise immediately.

Yet for now, when I need the support of the president or the prime minister, I get it. But I turn to them only in the most extreme cases. For example, when the government wanted to stop the privatization of cargo transport. At that time, we sold trucks at open auctions and created a very strong sector in this sphere, which resolved the problem of supplying the city with milk, bread, petroleum products, etc. But the Ministry of Transport offered very strong resistance. I had to go to Yeltsin, and the problem was solved in about 15 seconds. While I was there, Boris Nikolayevich called the transport authorities and said: "If you impede the governor, you will deal with me." Recently I had a conflict with the mayor of Nizhniy Novgorod. It was necessary to remove him, since he was impossible to work with.

[Correspondent] A strange story. After all, you and Mayor Bednyakov were of the same mind, almost friends. What happened?

[Nemtsov] It is a very simple story. If a person brings to referendum the question of city sovereignty, if his main goal is to bring to the point of absurdity the idea of separating the city from the oblast, then I believe that it is impossible to work with such a mayor. Because this is a direct threat to the entire system of power which is rather fragile, and which may lead to anarchy. I cannot work under conditions of conflict. In this, evidently, I differ from many Moscow leaders, who cannot imagine themselves under any other conditions. I need if not mutual understanding, then at least a tolerant attitude

toward one another. Otherwise, nothing will get accomplished. Let us take land reform: If the leadership holds noisy discussions on this topic, public clarification of attitudes, then the cautious peasants will never in their life follow the reformers.

Unfortunately, it has worked out in these two-and-a-half years that the mayor and I had no mutual understanding, and especially no tolerance in our relations. Maybe I too am at fault in this. We began in the era of romanticism. Everyone greeted us: "Go ahead and work, you boys from Nizhniy Novgorod, and we will support you." Then the paradise apples ended, and a mass of problems arose: There is no money, the plants are stopping work, there is growing public discontent, and the prestige of authority is falling. When we go uphill, we must help each other. But sometimes one thinks that he can get to the top first, leaving all the others behind. And then the struggle for personal precedence begins. Then I suggested to Boris Niko'ayevich that he remove Bednyakov from his duties. He had appointed him, and he removed him. Bednyakov is a civil servant, just like me. The only thing that distinguishes me from a civil servant is that I have been popularly elected, receiving 70 percent of the votes.

[Correspondent] Do you have any opposition in Nizhniy Novgorod, and does it hinder you in your work?

[Nemtsov] There is, and it is rather powerful: The communists from "Trudovaya Rossiya," the national-patriots and the radicals. However, they lost in the local elections. I cannot say that the opposition hinders the reforms. However, it keeps us from napping, all the time trying to find mistakes and pointing them out most persistently. In that sense, the existence of the "street" opposition is even beneficial—it forces us to keep our form.

Vladivostok Introduces Compulsory Licensing

944F0646A Vladivostok NOVOSTI in Russian
29 Apr 94 p 2

[Report by Aleksey Chernychev: "New Source of Replenishing the City Budget Is Found in the Business Sector"]

[Text] Beginning 1 May of this year, mandatory licensing of activities of all economic entities in the sphere of trade, public catering, and consumer services for the population, regardless of their form of ownership and departmental affiliation, goes into effect in the kray center. According to the city administration press center, a corresponding decree was signed recently by acting Mayor of Vladivostok Konstantin Tolstoshein.

These actions by the city authorities were undertaken in carrying out the decree of the head of kray administration dated 24 February 1994 "On Introducing Mandatory Licensing of Activities in the Sphere of Trade, Public Catering, and Consumer Services for the Population."

In accordance with the decree at the city level, the aforementioned licensing will be carried out by the Committee for Entrepreneurship, Trade, and Consumer Services of the Vladivostok Mayoralty; the right to sign licenses has been delegated to its chairman, Yuriy Terskiy.

As Mr. Terskiy told NOVOSTI correspondent, his committee is currently preparing to begin issuing licenses. It is known that all enterprises conducting economic activities in four spheres of entrepreneurial activities—liquor sales, retail trade, public catering, and consumer services for the population—are to undergo the "licensing purgatory."

Beginning 1 May the price of a license for each point of sale (kiosk, stand, store, cafe, etc.) engaged in one of these four activities will be R30,460. Entrepreneurs of all forms of ownership will have to pay separately for their right to conduct business in each of the four listed categories. In the event a certain point of sale is intended both for retail sales and consumer services for the population, the proper license will cost R60,920.

According to Yuriy Terskiy, by introducing new rules for licensing activities in the sphere of trade and so on, the city will get a reliable source of additional budget revenue. The actual scale of this additional revenue will be clear after 1 May.

INTERNATIONAL AFFAIRS

'Internal' Impediments to Foreign Investment

944Q0332A Moscow FINANSOVYYE IZVESTIYA
in Russian 14-20 Apr 94 pp 1, 2

[Article by Mikhail Delyagin, chief of the applied analysis service under the Institute of Economic Problems of the Transition Period: "Foreign Investment Goes Into Inefficient Sectors"]

[Text] The flow of foreign capital into Russia is limited today not only by the presence of high political and economic risks, but also to a considerable extent by the opposition of forces striving to prevent competition in the domestic market.

According to the Russian Federation Goskomstat [State Committee on Statistics], in 1993 foreign investment in the Russian economy amounted to \$2.9 billion (including \$2.6 billion in direct investment, which includes the right to participate in managing the enterprise). The regions that have been most attractive for foreign investors are Moscow, where 26.2 percent of all money has been invested; Krasnoyarsk Kray—14.2 percent; Omsk Oblast—8.1 percent; Arkhangelsk Oblast—7.9 percent; Yevreyskaya Autonomous Oblast—5.9 percent; the Republic of Mari El—5.0 percent; Belgorod Oblast—4.1 percent; and the Komi Republic—3.6 percent. No official statistical data has been reported on the placement of the remaining 25 percent of investment in 69 regions of Russia.

Looking at the territorial aspect of placement, one notices the absence among the leaders of such seemingly attractive territories as Tyumen Oblast, as well as the industrial part of the Urals and Volga economic regions.

A high degree of development in these regions is combined with an urgent need for a flow of capital into the modernization and reorientation of production. However, foreign capital is in no hurry to meet this need, and the only reasonable explanation for this phenomenon is the existence of restrictions of a noneconomic nature caused by the desire of some local producers to preserve a monopoly on management and not allow competition on the part of the world market.

Aspirations of this kind are not always unjustified from the standpoint of the interests of the state. Suffice it to point out the high ranking of Yevreyskaya Autonomous Oblast, which is poorly developed in every respect. A considerable part of foreign investment in this territory is a graphic example of Chinese capital making inroads in the Russian border zone.

The structure of foreign investment by sector is much more interesting than by region. According to Goskomstat, of the total volume, the following has been invested in:

- machine building and metalworking23.2 percent;
- fuel industry16.3 percent;
- trade and public catering15.2 percent;
- construction5.3 percent;
- woodworking and pulp and paper industry4.5 percent;
- construction material industry3.8 percent.

Goskomstat does not report on the distribution of the remaining 31 percent of investment; indirect sources indicate a rather considerable investment of foreign capital in the production of various consumer goods.

A comparison of the structure of attracted foreign investment with available data on the structural restructuring of the Russian economy leads to certain conclusions.

The most promising sector today is the fuel industry. As a result of lesser price disproportions as compared to those that existed in the centrally planned economy, we now can judge the significance of some or other sector by industrial statistics—the share of its production in the total volume of industrial production expressed in current prices. For the fuel industry this indicator reached 17.5 percent in 1993, but this is an understatement since it is an export-oriented sector and world prices for its output are considerably higher than domestic ones.

Meanwhile, in the volume of foreign investment the fuel industry ranks only second, while first—and with a considerable lead at that—is machine building and metalworking. The inefficiency of this group of sectors has led to a situation whereby they were damaged most by

the development of market relations. The proportional share of machine building and metalworking has dropped over the period of reform by five percentage points, but because of considerable state support and thanks to an insignificant—for Russia—gap between domestic and world prices, still remains very high (20.3 percent of industrial production in 1993).

Currently it is precisely machine-building and metalworking enterprises that are hurting most from the distribution crisis and are the least competitive. Nevertheless, this particular sphere, which overall does not have favorable prospects, is attracting the greatest attention of foreign investors.

A similar situation exists in another pair of sectors. The woodworking and pulp and paper industry, whose presence in the economy has dropped by 1.7 percentage points (which is quite a lot considering that its share in industrial production in 1993 comprised 3.9 percent), has attracted considerably greater attention on the part of foreign investors than the construction materials industry, which has increased its share in production by 0.2 points—to 3.3 percent.

There is one single visible cause: The sectors that are increasing their significance in the Russian economy (which in an environment of overall production decline does not preclude a drop in their output), are strong enough not to let foreign capital in, so they do not have to share control over their enterprises. Those sectors, however, where the situation is becoming critical, and where their very survival is already at issue, are relinquishing control for the sake of self-preservation.

As a result, the sectors that are accessible to foreign investors are those undergoing serious difficulties.

This has its positive side, since foreign capital provides nourishment for those who need it most.

The problem is that, as the development of oil production shows, our monopolists have a tendency to keep out potential competition even in circumstances where they are unable on their own to sustain not only development but even mere maintenance of the sector at a normal level. They prefer to count on state support, the probability (let alone expediency) of which is in serious doubt, but which does not hold the threat of either competition or of losing sole control over production for the current monopolists.

Oil Export Policies Threaten Future Economic Development

944Q0329A Moscow NEZAVISIMAYA GAZETA
in Russian 19 Apr 94 p 4

[Article by Viktor Petrov, doctor of geological and mineralogical sciences, under the rubric "Fuel": "There Will Not Be Another Tyumen. A New Approach to Resource Use Should Sustain the Probable Economic Growth With Oil"]

[Text] The development of the world economy has been accompanied by the continuous growth of production and consumption of mineral resources. Oil consumption has been growing at the fastest rate. At the beginning of the century, in 1900, oil production in the world came to 20.1 million tonnes. Subsequently, it doubled every 10 years for 70 years, coming to 2.248 billion tonnes in 1970. The rate of growth of production and consumption later diminished to 1-1.7 percent; in 1991, the volume of consumption came to 3.150 billion tonnes. World production and consumption of gas have grown by 2.5-2.7 percent annually in recent decades, coming to 1.9 trillion cubic meters in 1991.

The former USSR would have been unable to attain superpower status without creating its own mighty mineral and raw-material base and the oil-and-gas complex. After development of the unique West Siberian Oil and Gas Province, oil production doubled between 1971 and 1990, and that of natural gas increased by a factor of more than 7.5. The USSR came to rank first in the world on these indicators, attaining in 1988 the levels of 624 million tonnes (including gas condensate) and more than 800 billion cubic meters, respectively, which accounted for about 20 percent of the world production of oil and more than 40 percent of the world production of gas (Russia accounted for 570 million tonnes and 640 billion cubic meters of the above). The inland consumption of oil and gas, including exports, was at the level of 13-14 percent and 35-38 percent of their consumption in the world.

An economic crisis (including that in the oil industry), a drop in industrial production by a factor of two, the severance of relations between CIS countries, the loss of the regulatory role of the state in the economy, and the decay of the geological service—all of these caused a sharp decline in the production and consumption of oil and virtually all other types of mineral raw materials after the disintegration of the USSR. In 1993, oil production in Russia fell to 340 million tonnes, and in the CIS as a whole, to 380 million tonnes (estimated). In terms of the level of oil production, Russia was set back to the early 1970's. The further declining trend persists.

Opportunities for the exportation of oil from Russia and some CIS countries to foreign states have expanded considerably now that foreign-economic activities that had traditionally been oriented toward raw materials have been liberalized. Oil exports had become sizable as a proportion of the worldwide volume (up to 13-14 percent in certain years) earlier, in the 1980's. We cannot say that such extensive exports were justified from the economic standpoint or that of resource conservation for self-supply in the long run. They largely hinged on the policy of so-called internationalist duty of the USSR to other fraternal states. In addition to "traditional" exports, the exportation of oil by enterprises formed with the participation of foreign investors is also developing at present in the free-market environment. In Russia, more than 40 such enterprises are already known in the most significant oil and gas-bearing regions of Western

Siberia, the Northwest, Urals, and the Volga area, and on the shelf of Sakhalin. Joint ventures with foreign companies have also been established in Kazakhstan at the unique Tengiz fields and on the shelf of the Caspian Sea which has good oil prospects. The picture of the development of oil fields in the Caspian Sea basin of Azerbaijan is similar, despite the fact that the development of marine fields was started for the first time in the world precisely here, and that local geologists and oilmen have accumulated a wealth of their own experience.

One would think that this orientation in foreign economic activities toward considerable exports to foreign states, whose development will get an additional impetus as foreign investment increases, proceeds mainly from the completely unsubstantiated but widespread notion of the supposedly inexhaustible mineral wealth of the former USSR. In the process, the large size of the domestic economy, the likely overcoming of the crisis by it, and its subsequent development are not taken into account, as well as the consequent domestic need for oil, great at present and growing in the long term, as the complex world situation in this area becomes ever more aggravated.

Actually, oil reserves, although large, are not so large as to allay serious concern about meeting our own need for oil in the immediate future. In Western Siberia which holds about one-half of all potential resources and about 70 percent of the explored reserves of oil in Russia, and provides 70 percent of production, the normal stage of decline in the effectiveness of geological prospecting and volumes of output has virtually set in. In other old petroliferous regions, the realization of their initial potential and the depletion of explored reserves are so high (65-85 percent) that a drop in production is objectively unavoidable. The technical and economic performance of wells has deteriorated sharply in all regions. Declining output is characteristic of about 60 percent of explored reserves. The size of the discovered fields and the yields of wells have diminished sharply.

The probability of the discovery of a new Tyumen, or at least a significant segment of it, on the extensive land mass of Russia is theoretically and practically nil. Certain hopes were attached to creating a substantial new raw-material base in Eastern Siberia (Krasnoyarsk Kray, Irkutsk Oblast, and Yakutia) whose hypothetical resources of oil were estimated to be 10 billion tonnes. However, the quite significant total volume of exploration in the area over more than two decades has been crowned with modest success, and for now has not confirmed these projections. The discovered reserves (about 500 million tonnes) are dispersed at several fields with very poor technical and economic characteristics. It is now absolutely obvious that these fields and probably those to be discovered in the future in this region will not influence the prospects for oil supply to Russia significantly. It is becoming necessary to reevaluate the hypothetical resources of oil in Western and Eastern Siberia

and a number of other oil and gas-bearing regions taking into account the accumulated new factual data on their geology and prospects.

The continental shelf, mainly that above the polar circle, remains the last large oil and gas-bearing reserve. However, for now we can speak with confidence about large gas resources that have been confirmed by the discovery of unique fields in the Barents and Kara Seas. The large hypothetical resources of oil may also be proven after exploratory drilling is performed. This is why the exploration and study of the occurrence of oil and gas on the shelf is already one of the strategic tasks of the geological service and science.

In addition to the indicated, actually existing problems associated with the oil raw-material base, which appear particularly acute in the long run, it is necessary to take into account in our foreign economic activities the fact that the forthcoming stabilization of the economy of Russia and the CIS as a whole and its probable subsequent development will unavoidably entail the growth of oil consumption. Russia and other CIS countries trail well behind the developed countries on this indicator. Thus, at the level of 1991, the per capita consumption of oil in the CIS as a whole, including Russia, came to 1.5 and 1.6 tonnes whereas it came to 2.6 tonnes in states with developed economies, including 3.2 tonnes in the United States.

Nor can the policy of the use of domestic oil resources be determined in isolation from the present and, in particular, long-term worldwide condition of the oil supply.

The growth of consumption of fuel, energy, and other mineral resources will remain significant as an objective factor in the development of the world economy in the long run. According to available estimates, the production and consumption of oil and gas—given the indicated rates of their growth in recent years—may reach 3.4-3.5 billion tonnes and 2.3-2.4 trillion cubic meters as early as the beginning of the 21st Century providing, just as it does now, more than one-half of the energy used in the world. The currently known estimates of explored and hypothetical world resources of oil and gas make it possible to say quite definitively that their significance as the principal energy resources will persist for at least the next 70 years. At the same time, in the long term we should expect the circle of oil and gas-producing countries to narrow (mainly on account of the industrially developed countries), the trend toward keener competition for the sources of this raw material to strengthen, and prices for it to increase. This conclusion follows from the data on the ratio of the amount of explored reserves to the volumes of oil production and consumption for various groups of states (as percentages of world volumes as of 1991, without the CIS) which are given in the table.

Level of economic development of states	Reserves	Production	Consumption
Developed	6.5	28.0	65.2
Developing	90.7	65.7	26.7
With planned and transitional economies	2.8	6.3	8.1

The economically developed countries meet almost 40 percent of their needs for oil out of domestic production and 60 percent through other, mainly developing countries. Oil production in the developed countries fell five to six percent between 1986 and 1991, and increased in the developing countries by 23-25 percent, the overall growth (without the CIS) being more than 12 percent.

Deliveries from the oil-producing developing countries to the industrially developed countries account for 70-75 percent of the worldwide exports-imports of oil which come to 1.4-1.45 billion tonnes a year (except for the CIS); of this, the United States and Japan account for about 35 percent. The United States imports from more than 50 countries, but predominantly from the OPEC countries (about 60 percent of imports). The latter also provide about 75 percent of the entire import of Japan and up to 60 percent of the import of West European countries.

The degree of self-sufficiency of the economically developed countries in oil will unavoidably continue to decline in the future, whereas the dependence of these countries on outside deliveries will increase. Under the circumstances, the developed countries that are large oil consumers strive to expand contacts involving oil production and delivery with the largest possible number of oil-producing countries with a view to increasing the reliability of their oil supply in the long term and getting leeway for greater maneuvers. For example, legislative and state sanctions in the United States are aimed at conserving the domestic resources of oil. Thus, the United States has suspended exploration and prospecting in the Alaska region and in some sections of the waters of the Gulf of Mexico and the Atlantic and Pacific shelf. By 1991, oil production had been reduced by 15 percent compared to the 1986 level. The foreign policy of the United States in some vital regions is also largely associated with its current and long-term oil interests. The United States, Mexico, and a number of other countries do not allow foreign companies to participate in prospecting for oil and producing it in their territories.

In recent years, the developing countries have been producing an amount of oil that is almost 2.5 times greater than their own consumption. From among them, the OPEC countries hold about 80 percent of world reserves and turn out about 47 percent of the world's production (except for the CIS), including the states adjacent to the Persian Gulf (Saudi Arabia, Kuwait, the United Arab Emirates, Iraq, Iran) with 75 and 30 percent, respectively.

The potential of explored and expected resources of oil in the developing countries, especially those belonging to the oil and gas province of the Persian Gulf which is

unique on our planet, is immense. Their role as the main suppliers of oil will be enhanced in the long term, all the more so because, unlike the CIS, a majority of oil-producing developing countries will have favorable opportunities for the export of oil on a large scale in the future, too, in view of the relatively small scale of their economies and size of their populations, and consequently, the low volume of domestic needs. In turn, the economically developed countries with a high level of scientific-technical progress, which possess an extensive foreign-trade potential by virtue of this will, unlike the CIS, have a great opportunity to meet their growing needs through the imports of oil and other mineral resources in the future, too.

At present and in the future, the problem of resource supply will unavoidably remain a common problem for the CIS countries that are closely tied by an entire set of geopolitical, historical, economic, and many other interests. Pooling the efforts of these states on the basis of mutually advantageous interstate relations could, to a considerable degree, preempt the participation of companies from faraway foreign countries in the development of oil resources in Russia, Kazakhstan, and Azerbaijan. In turn, the accepted agreements with foreign investors (based on concessions or production sharing), unlike regular exports, result not only in long-term debt obligations to export oil but also the loss of a proportion of profits from the operation of the fields. These contracts, which are signed under pressure from the economic difficulties of the period of transition, are short-sighted and run counter to the strategic interests of our own oil supply. They also undermine economic relations among the countries of the Commonwealth. Instead of using the pooled industrial potential, in particular, that of defense enterprises, for the retooling of the oil industry, foreign companies are being brought in. The need for the creation of an economically close union within the framework of the still ephemeral Commonwealth is being dictated not only by the last three years of the experience of its sovereign member states, but also by the processes of economic and political unification of many countries which have been underway in the world in recent years. The world mineral and raw-material situation and the problems of energy supply, primarily oil supply, influence these processes considerably.

Entering in a headlong manner the world energy market that advantageously serves the industrially developed countries calls, in the case of the CIS, for a profound analysis and a balanced approach. Many specific peculiarities are characteristic of Russia and the Commonwealth as a whole, and all of them testify to the fact that in the long term, it is feasible to rely on their own energy resources.

A reasonable and far-sighted approach to the use of nonrenewable mineral and raw-material resources, especially oil, on the basis of a long-term, profoundly and comprehensively substantiated concept proceeding from the optimal combination of current and long-range interests, is the most significant regulatory function of the state. If such a mineral and raw-material policy is absent Russia will not have a clearly defined system for its implementation and coordination with regard to the CIS countries. The current and future interests of Russia and the countries of the Commonwealth require that such a state concept be developed in the area of foreign economic activities involving mineral resources, and that it be thoroughly supported by legislation. Miscalculation and shortcomings in the use of our own mineral resources are irreparable in nature and are therefore fraught with major unfavorable consequences for the history and economy of Russia.

International Credit Card Firms Vie for Share in Russian Market

944Q0324A Moscow KOMMERSANT in Russian
No 14, 19 Apr 94 pp 20-26

[Article by Nikita Kirichenko: "Do You Hear It? The Rumble of Boots: Vivid Episodes From Market Competition"]

[Text] Although the Russian market in plastic money will be 25 years old this year, the stormiest events in it did not unfold until 1992-1993, when real competition among payment systems and numerous commercial structures emerged here. And in literally the past few months the competition in the Russian electronic-payments market has developed into an open conflict in which both sides have conducted themselves fairly toughly and the plot of the conflict has taken on the qualities of a detective story.

The Story of Plastic Money in Russia: Pain Over Rights

"My wife's credit card was stolen."

"Did you put a stop on the account?"

"No, I'm pleased: the thief is spending much less!"

(A bourgeois joke)

The pioneers in developing the Russian consumer-payments market were Diners Club International (which, incidentally, in 1950 put out the world's first international credit card) and American Express. In 1969 they signed an agency agreement with the State Committee for Foreign Tourism in the person of its commercial arm, the Inturist All-Union Joint-Stock Company, for servicing those payment systems' credit cards; that is, the joint-stock company became those systems servicing agent.

In 1974 an analogous agreement was concluded with VISA International, in 1975 one was signed with Eurocard/Mastercard, and in 1986 one was signed with JCB International.

During the entire time that agency rights to the servicing of credit cards belonged to the Inturist All-Union Joint-Stock Company, the entire technical side of the work was handled by a credit-card group operating under the State Committee for Foreign Tourism, and commercial settlements were carried out on behalf of Inturist through the USSR Bank for Foreign Economic Activity.

At the end of 1987, in accordance with new legislation, the Inturservis All-Union (naturally!) Economic-Accountability (absolutely essential!) VTO [Foreign Trade Association] (subsequently All-Union Joint-Stock Company) was founded, and Inturist's agency rights with respect to all payment systems were transferred to it. A special subsidiary company, Inturkreditkart, was set up for the technical servicing of payments. Igor Fedorov became head of the main company, and Aleksandr Kapustin started working in the subsidiary (we will encounter their names again more than once).

And this is when the first intrigues in the Russian "plastic" market began, intrigues which illuminate by reflected light many years of competition among international payment systems on the remaining five-sixths (or approximately that much) of the globe.

In January 1988 VISA International elected the Inturist All-Union Joint-Stock Company as a member possessing basic rights (including the right of emission), despite the fact that the joint-stock company was not a banking institution. When this was done, Inturservis was recognized as a managing agent of Inturist.

In response, Eurocard (subsequently Europay) elected the USSR Bank for Foreign Economic Activity as its member.

Beginning in November 1988, Inturservis started exercising Inturist's membership rights, concluding direct contracts with trade enterprises dealing in foreign exchange (and this was just the time when they were undergoing a development boom). At the same time, the servicing of all payments continued to be carried out exclusively through the Inturservis processing center, which at that time was the only agency in Russia that had the requisite software, hardware and personnel to handle the complete cycle of servicing "plastic" payments: the processing of credit cards, the confirmation of purchases and verification of account balances, the conversion of the payment into electronic form and computer connections with the payment system, the handling of the payment disbursement, and the offsetting of client's payments between banks.

The present stage in the development of the Russian "plastic money" market began in September 1991, when Kredo Bank, which was accepted as a VISA International member in 1990, started offering VISA cards in

Russia. Later Most [Bridge] Bank, Inkombank and Mosbiznesbank started carrying out programs to issue VISA cards, while the Inturservis processing center continued to service payments made with their cards.

In 1992, after the sole Russian member of Europay International, the USSR Bank for Foreign Economic Activity, ceased its banking activity in November 1991, Europay International started to accept other Russian banks as members, among which the most active became Most-bank (to which the personnel that had been working with credit cards in the USSR Bank for Foreign Economic Activity transferred) and Dialog Bank.

In the meantime, Kredobank, Most Bank and Dialog Bank—the first three banks to become members of both VISA International and Europay International—proposed to Inturservis that it divide its business in servicing VISA and Europay credit cards into two parts. However, the negotiations proved unsuccessful, since it is possible to transfer agency rights, but rather difficult to divide a processing center and its personnel.

Then the banks decided to found another processing center, Kardtsentr [Card Center], which was to be only for the Europay system. Naturally, that undertaking received the active support of Europay International, since Inturservis had historically received the support of VISA International.

Then Kredobank, however, decided (we do not rule out the possibility that it did so under the influence of the fairly jealous VISA International) not to take part in Kardtsentr, and, joining with Inturservis, on 11 November 1992 it founded the United Card Service Joint-Stock Company (UCS), the Russian version of whose name was United Credit Card Company—KOKK (for more detail, see the following section of the article). Aleksandr Kapustin became the president of UCS, and Yuriy Agapov became chairman of the board. In January 1993 authority to carry out Inturservis's activities in the area of "plastic" payments was transferred to UCS (for \$900,000).

That is how two processing centers emerged in the market, while UCS has so far retained an exclusive position with respect to the processing of VISA, Diners Club and JCB cards. At the same time, payments with Europay cards can be serviced by both UCS and Kardtsentr.

To give a more complete picture, it should be added that in 1993 many national card-payment programs started to be implemented—STB, Olbi, Ortcard, Most-card and Union Card. However, because these cards are mainly connected with ruble accounts, and no connection with external payment systems is required for servicing them, the processing of these cards is usually carried out by their issuers' own processing centers (for more detail, see KOMMERSANT No. 33, 23 August 1993).

Once again, to give a more complete picture, let us also mention the American Express company, which has not taken any part in the conflicts that we are going to relate:

at the beginning of 1992 American Express began to terminate, de facto, the fulfillment of its existing agency agreement with Inturservis, and by the end of the year all of Inturservis's contracts with enterprises for the servicing of payments made with the American Express card were transferred to American Express (Russia) Ltd., which assumed functions related to the technical servicing of payments.

A Classic Capitalist Conflict: Kredobank and Most Divide Their Property But Do Not Divide Their Market and Management

*"Filled with agitation,
I undid your corset—
You ran away laughing,
While I stood there pondering...."*

Count Aleksey Tolstoy

And so, by the fall of 1993 the UCS company was a joint-stock company with authorized capital of \$1 million, in which 49 percent of the shares belonged to the Inturservis All-Russian Joint Stock Company—the owner of agency rights for all payment systems—while 39 percent belonged to Kredobank (through which all payments serviced through UCS passed), and 12 percent belonged to the joint Finnish-British company Inpass Ltd. In the latter, 50 percent each of the shares belonged to the Finnish Okobank, through which VISA payments passed after going through Kredobank, and to the British company CardTec Ltd, which develops hardware for the credit card business.

In our view, a fateful role in the subsequent development of events was played by the public disclosure of plans for the reorganization of UCS, plans which had been jointly developed by the joint-stock companies. (The presentation of UCS stockholders' new policy took place on 28 September—see KOMMERSANT No. 39, 4 October 1993).

According to the strategy that had been developed, the Inturservis All-Russian Joint-Stock Company was supposed to transfer its exclusive contracts with enterprises for VISA and Europay cards to the Russian banking sector, leaving UCS (or its successor) only rights and contracts to service Diners Club and JCB cards.

For this purpose, Russian banks that were VISA members were supposed to establish, on the basis of equal rights, a new Viza Rossiya Servis (VRS) company, to which the Inturservis All-Russian Joint-Stock Company's contracts—but only contracts pertaining to VISA cards—were supposed to be transferred. (It must be noted that in most countries national bank associations that are members of international payments systems have long since been established.) At the same time, according to the plan, all technical operations related to the servicing of credit cards would continue to be carried out by UCS (on the basis of a service agreement with VRS).

On the other hand, the Inturservis All-Russian Joint-Stock Company was supposed to transfer contracts for Europay cards to Kredo Bank—either permanently or until such time as an agreement was concluded to establish for Europay cards an organization analogous to Viza Rossiya Servis (that is, a national association), to which all rights for the servicing of cards would be transferred.

In and of itself, this latter circumstance gave Kredo certain potential advantages in the "plastic money" market, at least until such time as a Europay national association was established. However, what was key in the new strategy was not even that, but the point according to which, until Russian Europay member-banks had been granted the right to utilize the technical services of UCS along with the services of Kardtsentr, VRS members would not be allowed to seek the services of Kardtsentr for servicing the cards of Europay and other systems (in the event that Kardtsentr started working with systems other than Europay).

There are grounds for assuming that this point was included in the UCS program as a countermove after it became known that Europay International was pressuring the Russian Europay member-banks to obtain a provision whereby Kardtsentr for three years would not provide services to trade enterprises that had agreements with VISA. We learned of the existence of such pressure and of attempts on the part of Europay to "use force to impose exclusivity" from [Piter Derbi], the president of Dialog Bank, which is one of the founders of Kardtsentr (See CARDS INTERNATIONAL, No. 93, 6 September 1993).

In this connection, it is indisputable that the UCS technical exclusivity proposed for the members of Viza Rossiya Servis would have substantially graver consequences for the affairs of Kardtsentr than Kardtsentr's technical exclusivity would have for the future of UCS. Faced with the necessity of choosing, both processing centers' clients would more likely choose UCS—by virtue of the greater work experience contributed to UCS by Inturservis.

Naturally, diametrically opposite opinions exist with respect to the quality and efficiency of Kardtsentr's work. They range from the opinion set forth in an open letter from Kardtsentr's founders to the officers of UCS (see KOMMERSANT-DAILY for 14 August 1993), to that expressed by Fedor Naumov, the head of Inkombank's credit card department, who left Kardtsentr: "They have existed for 13 months now and have not yet done anything. Conducting affairs that way is a mockery of banks (see EAST EUROPEAN BANKER, No. 35, September 1993).

However, even Dmitriy Alekhin, Kardtsentr's managing director, has said the following: "We started with nothing, and in order to provide high-class services and compete with UCS, we need not only technology but

experience ... at present we are not yet ready" (see EAST EUROPEAN BANKER, No. 35, September 1993).

In other words, after the presentation of the UCS's stockholders's agreement, the situation required decisive actions from the active members of Kardtsentr, if only to preserve the status quo in the credit-card servicing market, especially for the servicing of the deeply kindred Europay cards.

Open Letter From Bankers (August 1993) on the Utility of Honest Competition

To Mr A. V. Kapustin, General Director of KOKK
Mr I. A. Fedorov, Chairman of the Board of the Inturservis All-Russian Joint-Stock Company
Mr Yu. V. Agapov, President of Kredo Bank

Mr I. V. Lipanov, Vice-President of Kredo Bank

Lately the mass media have carried invalid reports aimed at discrediting the activities of the Kardtsentr Joint-Stock Company, whose founders are a group of Russian banks.

We regard these publications as the manifestation of unscrupulous competition and profoundly regret that such methods are becoming common in Russian banking practice.

As founders of Kardtsentr who have an interest in the successful development in our country of a civilized system of settlements employing plastic cards, we propose to you in the future to wage competition in the financial services market by other means, namely: by means of the quality of services provided to clients, the speed with which settlements are made, and attractive prices for services provided.

We sincerely desire interaction and cooperation and hope that such ~~unpleasant~~ occurrences will not happen in the future.

[Signed] President of the National Credit Bank

O. Boyko

President of the Stolichnyy Bank

A. Smolenskiy

President of Most Bank

V. Giusinskiy

President of Elhim Bank

S. Morozov

President of Yugorskiy Bank

O. Kantor

The first round of the counterintrigue developed according to a perfectly capitalist scenario: in October-November of last year, Most Bank entered into negotiations with Inturservis for the purchase of its block of 49 percent of UCS stock. The ground for negotiations had been prepared by the expression of a willingness (within the framework of the UCS stockholders' strategic agreement) to give up the rights to servicing credit cards. Inturservis seemingly let it be known that it was prepared to quit the "plastic market." Indeed, in the past

few years the alignment of forces has changed substantially, and the Inturservis system has ceased to be the principal source of "plastic" payments in Russia.

However, Igor Fedorov, president of the Inturservis All-Russian Joint-Stock Company, naturally wanted to get a good "indemnity." To do so he wanted, first of all, to sell the entire block of stock as a whole (without breaking it up), and second, to do so on a competitive basis.

Consequently, Inkombank, which is active in issuing VISA cards, entered into a fight with Mosbank for the Inturservis bloc of UCS stock. Because of purely technical circumstances, Inkombank dropped out of the competition, but in the course of bidding it raised the acquisition price to \$2.3 million, that is to nearly 4.7 times the nominal value.

Toward the beginning of December Igor Fedorov concluded a contract with Most Bank, received money for the bloc of UCS stock, and seemingly offhandedly informed the UCS board about it (directly in the course of a board meeting).

The Gogolian tableau vivant was unexpectedly interrupted by Mr [Pekka Khonkanen], president of Inpass Ltd. With purely Scandinavian imperturbability he announced that Most Bank had also offered to buy his 12 percent of UCS shares—for good money.

The reaction of Kredobank's representatives on the UCS board was instantaneous—they immediately (at the board meeting) made Mr [Khonkanen] an offer that he couldn't refuse. Realizing that haggling was inappropriate in this case, he took about \$560,000 for his 12 percent, that is, the same 4.7 times the nominal value.

Consequently, as of 3 December UCS became the joint property of Kredobank, whose 51 percent had cost it less than \$1 million, and Most Bank, which had paid \$2.3 million for 49 percent of the stock. And Igor Fedorov and [Pekka Khonkanen] evidently remained extremely pleased with themselves—the securities in which they had invested had brought their companies each 370 percent annual earnings in foreign exchange, which is close to the result recorded in the *Guinness Book of World Records*, and that is without counting dividends—based on the results of 1993, UCS's net profit for distribution came to \$600,000, or 60 percent per share. And it cannot be said that Inturservis and Inpass Ltd. sold everything that they could—the former firm left itself all agency rights with regard to the technical servicing of credit cards (UCS continued to lease certain rights from Inturservis), and the latter left itself the status of the first nonresident bank hooked up to the chain of VISA credit card payments serviced by UCS.

And this is when the second round began, which now took place in the spirit of a "Red Guard attack." The officers of Most Bank, deciding to exercise their rights as a stockholder, submitted a proposal to the management

of UCS to put all payments for the Europay system in the Russian stage of the banking chain through Most Bank, rather than Kredobank.

Here, in our view, commentary is needed. The bank through which the processing center carries out the "plastic" payments for at least one of the credit card systems receives considerable advantages. They are the following:

First of all, UCS is an extremely large client. In 1993 UCS turnover for servicing credit-card payments came to nearly \$170 million, approximately one-fifth of which was for the Europay system. Naturally, balances of funds in the UCS account would become a good backup in the short-term money market for any bank. Moreover, since cash foreign exchange is now out of favor, one can predict a substantial increase in electronic turnover to show up in the 1994 results.

Second, from every transaction the servicing bank takes a commission, which in this case could come to several hundred thousands of dollars a year.

Third, the servicing bank also gains the opportunity to acquire for itself extremely large settlement accounts of UCS clients that accept "plastic" payments directly. For enterprises accepting credit cards, it is advantageous to have an account in the servicing bank because in that case their payments are made a day or two faster. At least, all clients serviced for the Europay system at Kardtsentr have accounts in Kardtsentr's founding banks.

Fourth, the servicing bank can also offer new clients services related to the collection of cash proceeds, getting additional commissions and a considerable influx of cash from that.

Fifth, by acquiring clients, the bank gains the additional opportunity to place corporate and personal credit cards issued by the bank among clients and their personnel, and to eventually provide those firms with its automatic teller machines.

UCS president Aleksandr Kapustin responded to the proposal by Most Bank's officers in accordance with his charter: if the owner of the controlling block (Kredobank) gave approval for a contract to be transferred "from itself" to Most Bank, Mr Kapustin would not object.

Kredobank, naturally, graphically demonstrated the elementary truth of capitalism, namely, the difference between a block of shares and a controlling block. As a result of which, an unpleasant truth was revealed to Most Bank: having paid \$2.3 million, it had not acquired any rights with respect to the management of UCS and had not acquired any additional market or income. The possible dividend on UCS stock is poor consolation, since on the basis of 1994 results it will (in terms of the real capital spent by Most Bank) amount to no more than 30 percent

in foreign exchange, and that is in the event that the principal UCS stockholder does not adopt a plan for large-scale reinvestments.

Consequently, accomplishment of the main "political" objective—to save Kardtsentr and its clientele by influencing the process of the reorganization of UCS and establishment of Viza Rossiya Servis—remained just as remote as it had in September 1993. Under these circumstances, Most Bank decided to resort to "the continuation of politics by other means," by carrying out a revolution in UCS's management staff.

Practically a Detective-Story Plot: Most Bank versus Toby Mitchell

*"Many will revile me
And now will probably ask
Why do I joke so stupidly?
What's it to them? I want to!"*

Aleksandr Pushkin

KOMMERSANT *Toby Mitchell* citizen of Great Britain, 36 years old. Worked for the VISA International company starting in 1985; in 1990 was appointed director of the Central and Eastern Europe Department; in 1992 became vice-president of VISA International. In January 1993, with the consent of VISA International, Mr Mitchell founded the Payment Systems Partnership company, in which he named himself senior partner. The company's principal job is consultations regarding the development of consumer payment systems in Eastern Europe.

According to Mr Kapustin, after relations between the management of UCS and the junior stockholding firm (Most Bank) grew strained, Most Bank's representatives expressed a desire to see the firm's accounting reports. The company's officers accommodated the junior stockholder's desire and gave Most Bank's specialists access to their financial documents. It must be noted that the group sent to UCS was not an auditing commission of the joint-stock company in the full sense of the word (and could not have been one, according to UCS's charter), since it represented the interests of only one of the stockholders. Nonetheless, the UCS officers decided not to hide "their cards." Aleksandr Kapustin regarded the audit with Olympian calm, since in 1993 UCS's financial documents had repeatedly been audited by Centrobank, the Anti-Trust Committee, the tax inspectorate, and several auditing firms (including Ernst & Young specialists), and even by the Ministry of State Security.

In the course of their work, the Most group's specialists called attention to documents confirming a payment for the amount of \$95,000 from the firm's account to the personal account of Mr Mitchell for the performance of a set of work under contract with UCS.

Let us note that in conversation with a KOMMERSANT correspondent, Kredo Bank's vice-president Igor Lipanov, a member of the UCS board, said that the

decision to conclude a contract with Mr Mitchell was approved by UCS's Council of Directors and board, and made in accordance with the UCS's charter, and that the results of its fulfillment were detailed in an appropriate report dated 29 May 1993 and deemed highly satisfactory by the board. Subsequently, this fact was certified in an official letter signed by Yuriy Agapov (Kredo's president and chairman of the UCS board) and Igor Fedorov (president of the VISA International and member of the UCS board).

However, as Mr Kapustin reported, immediately after the group of Most Bank specialists had called attention to the documents pertaining to the contract with Mr Mitchell, those documents were confiscated according to established procedures by a representative of the okrug tax police, which coincidentally (let's call it a coincidence) showed up at UCS literally "on the heels" of the group of Most Bank staff members (the UCS bookkeeping department has an official record of the confiscation).

KOMMERSANT *Subsequently KOMMERSANT's editorial staff decided to clarify the question of why a payment by UCS was made to Mr Mitchell's personal account (although that is not contrary to Russian law), rather than to the account of Payment Systems Partnership, which would be more typical for standard Russian practice. We asked that question to Mr Mitchell himself and also sought the opinion of Mr Antony Berendt, a specialist in British business and banking law from the London School of Business. It turned out that the Payment Systems Partnership firm, in principle, has no account other than Mr Mitchell's personal account. The point is that British law allows the formation of a legal entity as the commercial name (trade name) of an individual, with the use of the individual's personal accounts for business purposes. In other words, whereas Russian law contemplates the possibility of engaging in entrepreneurial activity without the formation of a legal entity, British law contemplates the possibility of engaging in entrepreneurial activity with the formation (for purposes of taxation and the creation of a subject of commercial and international law) of a legal entity in the form of a trade name.*

Nonetheless, on 9 February (two days after the completion of the audit and a day after the confiscation of documents pertaining to the contract with Mr Mitchell, a letter from Mr Polyakov, a vice president of Most Bank, was received by the Moscow City Internal Affairs Administration's Administration for Combating Economic Crimes. The letter stated that the transfer of the money to Mr Mitchell had caused harm to Most Bank's interests, and it also contained a request to "resolve the question" of bringing criminal charges against Mr Kapustin on the basis of this fact (the editorial office has the text of the complaint, as it does the texts of the other documents mentioned). Naturally, the removal of the "criminal" from the office of UCS president would be decided automatically. Evidently, in that case even the

main stockholder would lose the possibility of influencing the situation, since the decision to remove a "criminal" from the management of the main processing center in Russia would most likely be supported by the management of VISA International and Europay International.

It is interesting that, according to Mr Kapustin himself, whom staff members of the Economic Crimes Administration invited for a conversation, confidential documents confiscated on the day before by the representative of the okrug tax police were appended to Mr Polyakov's letter (incidentally, a sentence to the effect that documents pertaining to the transfer of money to Mr Mitchell are attached to Mr Polyakov's letter exists in the text of the letter itself). Moreover, according to unofficial information obtained by UCS's representative in the City Internal Affairs Administration's Economic Crimes Administration, Most Bank's complaint had been brought to the Economic Crimes Administration by Col Papakhin, the deputy director of the Moscow City Internal Affairs Administration's Investigative Administration, who at that moment was on a regular leave; while on leave, Mr Papakhin was awaiting an order dismissing him from the internal affairs agencies, after which he was supposed to begin work at Most Bank (as KOMMERSANT's staff has learned, starting this March Aleksandr Papakhin began performing official duties at Most Bank).

Not finding any indications of a crime in the UCS president's actions, on 17 February the Moscow City Internal Affairs Administration's Administration for Combating Economic Crimes issued an order declining to initiate a criminal case.

Nonetheless, on 17 February staff members of the Moscow City Internal Affairs Administration's Investigative Administration issued an order on the initiation of criminal case No. 003209 with regard to the fact of the transfer of money to Mr Mitchell "by an unknown criminal."

Mr Gusinskiy, Most Bank's president, sent a letter to the Moscow Procuracy (initial No. 561, dated 23 February 1994) expressing the opinion that staff members of the City Internal Affairs Administration's Economic Crimes Administration had a "prejudiced attitude" toward the case. But the Moscow Procuracy's Administration for Oversight Over the Execution of the Law in Internal Affairs Agencies issued an order revoking the order of the City Internal Affairs Administration's Investigative Administration to initiate a criminal case on the grounds that the latter order was "illegal" and "issued on a contrived pretext."

This last circumstance requires separate commentary. The point is that the order to initiate a criminal case indicated that it had been initiated on the basis of an audit conducted by the Seventh Department (for combating organized crime) of the Moscow City Internal Affairs Administration's RUOP [Regional Administration for Fighting

Organized Crime]. However, staff members of the Moscow Procuracy (and this fact is officially confirmed in the procuracy's order revoking the order initiating the criminal case) established that, with respect to UCS, an "audit by the Seventh Department of the Moscow City Internal Affairs Administration's RUOP was not conducted," and consequently, no materials from the "audit" had been received by the City Internal Affairs Administration's Investigative Administration.

In reality, the City Internal Affairs Administration's Investigative Administration had initiated the criminal case after receiving a 17 February 1994 letter from Most Bank, which was registered there under number 387 (the fact of the receipt of the letter from Most Bank is mentioned by Vladimir Gusinskiy in his letter to the Moscow Procuracy that is referred to above).

In addition, the Investigative Administration's order initiating the criminal case states that "an unknown criminal unjustifiably transferred \$95,000 from an account at Most Bank to Account No. 070614623 at the Republic National Bank (New York)." In reality, UCS had no settlement account in Most Bank. Moreover, as UCS's financial documents indicate, money was not transferred to Republic National Bank, either. Mr Mitchell's money was transferred from the International Moscow Bank (from the UCS account) to Kredo Bank (to Mr Mitchell's account). However, since International Moscow and Kredo do not have direct correspondent relations, the money, in accordance with established procedure, was transferred through Republic National Bank, which has correspondent relations with both banks and is Kredo's principal correspondent bank for settlements in U.S. dollars.

Nonetheless, after the Moscow Procuracy's decision, the case was transferred further along official lines to the RF Procuracy General. At this stage, the company's principal stockholder, Kredo Bank, was involved in the process of examining the case. On 17 March the Bank's vice-president Igor Lipanov sent a letter to the Moscow Procuracy and the director of the Investigative Administration of the RF Procuracy that noted that, in the opinion of Kredo Bank's officers, Most Bank "is attempting to provoke a criminal investigation of the UCS president on a contrived pretext for the purposes of gaining competitive advantages in the market."

In sum, as KOMMERSANT's editorial staff has learned on 6 April the UCS officers received an official letter (initial No. 16-574-94) confirming the official agreement of the RF Procuracy General with the order of the Moscow Procuracy not to initiate the criminal case against Mr Kapustin.

With this decision by the Procuracy General, the detective aspect of the plot was exhausted, for Mr Mitchell, in an interview with a KOMMERSANT correspondent stated that he would decline to bring suit against Most

Bank and its officers, whose actions, according to him, had damaged his reputation.

Thus, suspicion was lifted from the UCS management, the company's activities continued, and Mr Kapustin ceased to be associated in business circles with Article 93-1 of the RSFSR Criminal Code (from eight years to the "top," and invariably with confiscation of property).

It would seem that the time had come to engage in implementing the UCS strategy in full. But everything worked out somewhat differently.

VISA and Europe: Their Shadows Swayed on the Threshold

*"They're dissatisfied with my reply,
'Resolve our dispute as fast as possible!'
They repeated with ardor
And with the same rattling of spurs.*

*'I cast a glance around the room
And it was as though I were charmed by the design
'I like BOTH very much!'
I told them and ran out.—Count Aleksey Tolstoy*

For a final clarification of the situation in the "plastic" market and of the prospects for its development, we turned to the officers of the international "plastic" associations themselves, whose interests the leading Russian banks in the internecine guarded (along with their own), appealing to them in the course of the matter for support.

Last week Alan Goslar, first vice-president of VISA International, told us the following: "My attitude toward the existing situation is this: it's a purely Russian problem. Russia's banking community should sort out this whole thing on its own. After hearing both sides, I said that they themselves should find a solution. We cannot act as a jury. They are their affairs, and I will do everything possible to keep from being drawn into the conflict.

"Granted, Russian banks are inclined to create squabbles out of nothing and to deal with one another harshly," continued Mr Goslar. "The methods employed in business are very different from ours. They very much like to push each other toward the abyss. Taking some one to the point of collapse is practiced very widely here. It's a market where the competition is very strong, and the banks have a weapon that we never dreamed of. According to my observations, Mr Gusinskiy believes that there are battles ahead that he is capable of winning. I'm sure that he will take very decisive actions. But I am prepared to argue that Kredo, too, is prepared for decisive actions. I'm sure that Mr Gusinskiy is pursuing certain goals, but will he be able to achieve them using such methods?"

Something was achieved all the same—Western businessmen recalled the plots of Jack London and Brett Harte, and maybe even those of Mario Puzo and Ian Fleming. As a result, we developed the sense that the

conflict among Russian banks had forced international associations to think seriously about politics in Russia. They, carefully counting all the stars that had fallen from the eyes of Russian bankers and illuminated their way to the Russian market, decided to change their policy of clearly defined preferences for any specific Russian structures and, it appears, started to actively assist all at once. If it does not prove possible to unambiguously defeat their historically ubiquitous competitor, whom they have encountered in a new market, then it is better not to lose what they already have.

Evidently, having noticed the certainty that emerged in Western associations that it was extremely risky in Russia to bet everything on one horse (be it UCS or Kardtsentr), Most Bank appears to have decided to play that situation to its own maximum benefit. According to the latest information, Most Bank has taken decisive steps toward individual self-definition in the credit card market. One can say that it has made an asymmetrical response.

As Mr Geoffrey de Schrevel, chief manager of Europay International for Central and Eastern Europe, informed us, Most Bank's representatives informed him that, while not planning to quit Kardtsentr, they nonetheless want to build their own Europay processing center parallel to Kardtsentr's machine. Since any Europay member-bank may in principle do such a thing, the association will not object.

In addition, according to Mr Jan Doskar, VISA International's manager for Eastern Europe, Most Bank, which is a member of the VISA system, intends by the end of the year (following UCS) to install a terminal for satellite communications with their system.

Despite the fact that Most Bank is losing out to its competitors in the "plastic" market in time, it has a chance for success.

After all, in the course of the conflict Most Bank evidently succeeded in burying the idea of UCS stockholders for establishing a Viza Rossiya Servis and an analogous entity for Europay with a common processing center in the form of UCS or its successor. Now, it appears, Kredo Bank has been doomed forever to "climb down" from its controlling block in any organizations dealing with credit cards. On the other hand, even if Kredo Bank should try to establish a national association on the basis of UCS (for example, through the additional issuance of UCS stock), other banks will hardly join it—if 49 percent is not enough to redistribute the market, smaller shares are even more pointless. Thus, Kardtsentr's existing clientele, on which Most Bank might count in its independent actions in the market, will be retained in the Europay system (and, in the future, in the VISA system too).

However, Kredo has not abandoned realization of part of its original strategic design, either. As KOMMER-SANT editors have learned, back on 15 March Igor

Fedorov, on behalf of the Inturservis All-Russian Joint-Stock Company, officially gave up to Kredo agency rights and contracts (gave up exclusive authorization) not only for the VISA and Europay systems, but for the Diners Club and JCB systems, too. Last week Kredo began transferring contracts with enterprises (former clients first of Inturservis and then of UCS) directly to itself and strengthened its position as the bank that exclusively services the UCS turnover.

Moreover, according to information possessed by the editors, last week the Union Card company (founded by a consortium of Russian banks, including Inkombank, Avtobank, TOKO Bank, Mosbiznesbank, Delovaya Rossiya [Business Russia], the VBB and others) concluded a processing contract with UCS (Union Card payments were previously serviced by Avtobank's center). Consequently, the network of enterprises accepting Union Card cards has expanded by at least 2,000 outlets (the number of UCS's clients for the servicing of payments with the cards of other payment systems), and the turnover serviced by UCS will increase by another 10-15 percent, according to our estimates.

In addition, we do not rule out the possibility that the positions of Kredo Bank, Inkombank and certain bank founders of Kardtsentr (Dialog, Moscow Savings Bank and others) on the market may draw closer after the Most Bank's processing center becomes a competitor not only of UCS but of Kardtsentr itself.

Thus, as a result of the clash that occurred in the credit card market, the situation of oligopoly (in which experts, recalling the words of Kardtsentr's director, might assess the positions of Kredo Bank and UCS as preferable for the time being) has been preserved.

This situation's plus for clients consists in the fact that, when UCS and Kardtsentr and Most Bank's new processing center all start to simultaneously service both the VISA system and the Europay system, they will inevitably begin to compete among themselves in terms of rates and services. Moreover, the party that is losing in terms of service capabilities will most likely resort to offering dumping rates. Specialists judge the lowest limit of rates to be 1.9-2.0 percent, as opposed to the current 3.5-4.0 percent. Under these conditions, the servicing of payments will for all practical purposes become an unprofitable business, and the development of it will become exclusively a money-losing proposition, for 2 percent is the amount of the external commission that foreign banks take.

In addition, each of the sides will place its reliance even more emphatically on strong points in its business technology: Kardtsentr and the banks belonging to it will evidently place it on the development of automatic teller machines, and UCS—on the installation of universal devices for processing the cards (at the so-called POS—point of sale) of all the systems represented in the market, including national ones (STB, Union Card, etc.).

On the other hand, the minus for clients will be that it will hardly be likely that Russian banks, having numerous processing centers, will ever reach any agreement on organizing the national mutual offsetting of credit card payments made within Russia (and that idea was seemingly the second level of the strategy of Kredo Bank and UCS), as happens in other countries, including those with a substantially smaller "plastic" turnover. Accordingly, the money in settlements will continue to race overseas—with an inevitable loss of pace and of external commission (2 percent of the amount).

By withdrawing, for all practical purposes, from creating the possibility for the Russian banking sector to organize the internal mutual offsetting of payments on the basis of a single processing center, international associations have not helped the Russian "plastic" market to rise to a new stage. It cannot be said that they have come off as losers: they have been left with respectable insurance deposits (according to the associations' rules, the Russian servicing banks and processing centers keep them in foreign banks), almost \$4 million in external commissions (based on the forecast for 1994), and also the possibility of "sitting" for two or three days on Russian money involved in settlements.

U.S. Firm To Cooperate With Ilyushin Plant

944Q0317A Moscow KOMMERSANT-DAILY
in Russian 14 Apr 94 p 9

[Article by Yevgeniy Ostapov, correspondent: "(!) American Engines Will Lift Russian ILs Into the Air: Plans of the Ilyushin Aviation Complex"]

[Text] During yesterday's press conference, dedicated to the 60th anniversary of the S.V. Ilyushin Aviation Complex and the 100th anniversary of the birth of the founder of this design bureau, it was announced that the firm's primary task today is to return Ilyushin products to the world market. In order to accomplish this, the aviation complex intends to cooperate with the American firm of Pratt & Whitney. Yevgeniy Ostapov, correspondent, tells about the Ilyushin plans, as they were announced at the press conference.

The S.M. Ilyushin Aviation Complex today has the OKB (Bureau of Experimental Design), production experience, and a flight testing base in Zhukovskiy, where around 5,000 persons are employed. The Voronezh and Tashkent aircraft plants are occupied with the serial production of IL aircraft. Without halting work on military projects (seven percent of total work), the aviation complex considers as its main task the design of passenger and transport aircraft needed by Russian aviation. A great deal of attention is being devoted to implementing an international program based on cooperation with Pratt & Whitney, the American engine construction firm, and the Collins Company, manufacturer of aviation equipment. On April 6, 1993, flight testing was begun on a wide-fuselage, long-range airliner, the IL-96M, equipped with Pratt & Whitney engines—the

first achievement of this cooperation. Comparing the Il-96M with the Boeing 777, Genrikh Novozhilov, general designer of the aviation complex, noted that they are very similar in their characteristics, but the four-engined Ilyushin aircraft requires a great outlay for operational expenses.

At yesterday's press conference it was noted that during a meeting between representatives of Russian air and space companies and Viktor Chernomyrdin on April 6th, the Prime Minister promised state support and loans for manufacturing the Il-96M at the Voronezh aircraft plant. The production plan calls for constructing 24 airliners per year. The Prime Minister also gave his support to the Pratt & Whitney program for improving the Russian aircraft engine PS-90A, produced by the Perm Motors association. The new engines will be used in the Il-96-300, Il-96M/T, TU-204, and Il-76 aircraft, as well as in gas-pumping stations and electric generator plants. In addition, Viktor Chernomyrdin also approved a program for creating a unified aircraft construction complex at the site of the S.V. Ilyushin complex and the Voronezh Aircraft Plant. The question of including the Tashkent Aviation Association in one complex will be decided during negotiations with the government of Uzbekistan.

Elements of Contract Negotiations With De Beers Viewed

944Q0317B Moscow KOMMERSANT-DAILY in Russian
13 Apr 94 p 10

[Article by Vladimir Teslenko: Russia and De Beers Have Begun Negotiations on a New Contract: A New De Beers Representative Has Arrived in Russia"]

[Text] The current contract between Russia and the international diamond monopoly of De Beers (1990-1995) brings our country over one billion dollars per year. The contract expires next year, and both parties have started preparing a new contract for exporting uncut diamonds. At the very onset, they agreed to maintain strict confidentiality while the contract is being worked on. Raymond Clark, the new director of the Moscow office of the firm, in his first interview in Russia, told about some of the circumstances surrounding these negotiations.

[Boxed item]

Important Parameters of the Current Contract Between Russia and De Beers on Export of Uncut, Gem Quality, Natural Diamonds:

- Russia's quota, based on De Beers' annual sales—26%;
- Direct export of diamonds through De Beers—95%;
- Conditions for competitive sales of control lots (5% of total export volume): At least eight foreign buyers are invited to the competitive sales, which take place in Moscow: the price of a basic lot is calculated on the basis of total sales.

—Russia is free to export industrial diamonds only after De Beers declines to acquire them;

—Correction of the current purchase price takes place once a year.

[End box]

New Acquaintanceships With Old Partners

Ray Clark announced that De Beers does not yet have a working copy of the agreement, the proposed duration of which would be from 1996 to 2000. He let it be understood that the first stage (spring and summer of this year) will consist of collecting information and establishing contacts; the second stage (autumn and winter) will have consultations on general principles and the outline of the future contract; and the third stage (spring 1995) will consist of exchanges of the first drafts of the contract.

In the very near future Mr. Clark intends to familiarize himself with the general position held by three parties involved in the Russian diamond business: First, the Russia-Sakha Company (ARS), many directors of which are well-known to De Beers because of many years of cooperation between the company and the Yakutalmaz NPO; second, the government of the Republic of Sakha that De Beers is acquainted with through the drafting of the 1992 agreement; and third, Roskomdragmet, which in 1993 received supplementary authority. "In addition, I would like to go into detail on personal positions held by important people such as Mssrs. Bychkov, Gurevich, Kotlyar, (Roskomdragmet), Golovatyy (Ministry of Finance), Kirillin, Ulin, Kovylin (ARS), Nikolayev, and Shtyrov (government of Yakutiya)," said Ray Clark. "because at present we have only a general idea about who really has power in the Russian diamond industry." All this indicates that the De Beers management has decided to get away from the practice of making individual contacts with the most important people in the country (as it did during the days of the USSR) and is diligently trying to figure out the positions of interested departments and the personal preferences of VIPs in the Russian diamond business.

Referring to the oral agreement with Yevgeniy Bychkov, chairman of Roskomdragmet, about maintaining strict confidentiality, Mr. Clark declined to discuss possible points being negotiated in the new agreement. Nonetheless, he mentioned two proposals that are absolutely unacceptable to De Beers: Increasing purchase prices by 30 percent and giving the Yakut government the express right to sell uncut, gem-quality diamonds abroad, amounting to 1-3 percent of the total Russian diamond export (\$10-30 million per year).

[Boxed item]

Proposed Negotiation Issues for the Next Contract:

- To increase the share of free sales from 5% to 20-25%;
- to conduct competitive sales in any world diamond center;

- to reexamine the "formula" used for recalculating prices;
- to increase the current purchase price by 10-30%;
- to give Yakutiya the right to export some of the diamonds independently;
- to develop a unified standard for gem-quality diamonds;
- to introduce limitations on diamond cutting by Russia for customer-supplied diamonds from abroad;
- to develop stringent measures for preventing the illegal export of diamonds through diamond processing enterprises; and
- to obtain permission to monitor De Beers' selling prices through inspectors' purchases of diamond lots at De Beers sites.

[End box]

Possibilities for Loan Operations With Diamonds as Security

Turning to the subject of a possible addendum to the contract—loans, using diamonds as security—Mr. Clark at first expressed his satisfaction with how the current contract (1990-1995) has been carried out for the sum of \$1 billion between Russia and De Beers. He explained that one of his tasks was to clarify Russia's needs for these kinds of loans. "However, this question can be discussed only if the government of the Russian Federation requests it from the management of De Beers." With regard to a proposal by the American firm of Lazares-Kaplan International ("X" wrote about this in detail on March 2nd), Ray Clark noted that banks would hardly give money for large deals with diamonds as security unless De Beers is a participant in these deals.

The Status of the Diamond-Cutting Industry in Russia

De Beers experts, already working on the beginning stage of an analysis of the Russian market for decorative jewelry, have given a high assessment to its potential. In general, of course, De Beers constantly monitors the status of the world diamond market, because it is this market that is the determining factor for the sale of uncut natural diamonds. The Company did not ignore Russia either and is collecting information on production volume, various specializations of plants, and the status of diamond export. Ray Clark also announced De Beers' plans to build a small diamond-cutting enterprise in Yakutiya, possibly jointly with Sakhakomdragmet or the Tuymaada Diamond Company.

[Boxed item]

The new representative of De Beers in Russia is Raymond A. Clark, born on September 28, 1949 in London, England. He received his education at Farnham, Surrey. He began working at De Beers in 1969 as a diamond expert. Notwithstanding his appointment as Director of the Moscow

Representative Office of his company, he remains a member of the De Beers London Group for Strategic Planning. Mr. Raymond Clark is married to Julia, a native Muscovite. He likes the Compaq laptop computer and the pocket Psion microcomputer. He is indifferent to expensive automobiles. He is interested in music, preferring classical and jazz, amateur photography, fishing, and tennis.

[End box]

Fund To Support Large Enterprises Registered in U.S.

944Q0323A Moscow KOMMERSANT-DAILY in Russian
15 Apr 94 p 3

[Article by Yelena Kotelnikova: "An American Fund Has Appeared in the Investment Market: The Presentation of an American Fund"]

[Text] Yesterday Austin Beutner, president of the Fund for Large Enterprises in Russia (FLER), and Michael Blumenthal, chairman of the Fund's Board of Directors, announced that the Fund had begun its operations. This means that the directors of FLER are ready to examine investment proposals that have to do with developing production in privatized enterprises.

The Fund was registered as a private corporation in the state of Delaware in March 1994. It is managed by a board of directors comprised of leading U.S. experts in investment and banking, as well as venture capital investment. The Chairman of the Board of Directors, former Secretary of the Treasury of the U.S., Michael Blumenthal, was appointed personally by U.S. President Bill Clinton. The Fund is financed by the U.S. Congress (a \$100 million grant has been received), as well as by the Corporation for Private Investment Abroad, the Export Import Bank, and the U.S. Agency for Trade and Development (for now, the money from these sources is limited to \$150 million).

According to the management of FLER, the origin of FLER is directly tied to the decision of the "big seven" countries (adopted in Tokyo in July 1993) to support a program of privatization and organizational restructuring in Russia. In contrast to the already functioning Russian-American Fund for Entrepreneurship (with a financial reserve of \$340 million for four years and area of interest in small and mid-sized businesses), the new investment organization will concentrate on mid-sized and large privatized enterprises. American investors, through accumulated "risk" capital, may be able to take a leading position in the Russian domestic investment market. Obviously, this will also be facilitated by the fact that the program for supporting privatization has been approved by the presidium of the government; FLER already has its own niche. The Fund will have to initiate commercial investments in capital stock of enterprises located in regions that the Fund considers as having the greatest potential. FLER experts firmly believe that

official support of their activities by the Russian Government "will open all doors to them" in the most desirable regions and will "guarantee access to necessary information." Russian experts are assessing these possibilities more sceptically. Nevertheless, even though they are counting on protection by the Russian authorities, Americans are not planning to use their own "risk" capital in a struggle to purchase enough shares to control Russian enterprises. They intend to divide the risk of capital investments between both foreign and Russian investors and "will be open to any interesting proposals."

First Russian Bank Opens in Netherlands

944Q323B Moscow KOMMERSANT-DAILY in Russian
15 Apr 94 p 1

[Article by Yuriy Katsman: The First Russian Commercial Bank Has Made Its Appearance in Europe: The Stolichnyy Bank Is Opening a Branch in Holland"]

[Text] Unofficial but reliable sources in Holland announced yesterday that the central bank of the Netherlands, De Nederlandsche Bank N.V., has granted permission to the Stolichnyy Bank to open a branch in Holland. Although representatives of the Stolichnyy declined to either confirm or deny this information (saying that they had no official confirmation from the Netherlands Bank), there are no grounds for doubting its reliability. Thus, the Stolichnyy has become the first Russian commercial bank to receive permission to open a branch in Western Europe.

The history of founding a Stolichnyy bank branch in Amsterdam goes back over two years and was rife with unexpected twists and turns. At first, its opening had been projected for back in February 26th of last year. At the time, however, the Central Bank of the Netherlands refused to grant Stolichnyy the required permission, stating that it did not have a new license from the Bank of Russia (Stolichnyy had received its license in 1989 from the then still existing USSR Gosbank.). Despite turning in all the documents on time, the procedures for the bank's reregistration for a new license at the Central Bank (CB) took eight months instead of the usual three and were completed only in October of last year. Reasons for the delay are still not clear. According to the official version, the CB prolonged the reregistration because it conducted a supplementary verification of the Russian bank's activities. However, according to information given to KOMMERSANT-DAILY, the CB's decision for a necessary "supplementary verification" was preceded by a visit to the Bank of Russia by Ministry of Internal Affairs employees, who voiced their disinterest in a quick reregistration of the Stolichnyy bank, expressly because of the bank's desire to open a branch in Holland (attempts by controlling organs of the government to limit the possible flow of Russian capital abroad by every means is well known). To summarize, the Stolichnyy bank received permission from the CB of

Russia to open a bank branch only in December of last year, but the Bank of the Netherlands provided the necessary permit only now.

In any case, in the Stolichnyy Bank itself, where correspondent for KOMMERSANT-DAILY obtained this information from unofficial sources, no one would comment on this issue, stating that in the absence of an official notice from De Nederlandsche Bank N.V., they could neither confirm nor deny the information.

Nevertheless, representatives of the bank announced that inasmuch as the Netherlands Bank has no formal reasons for further delaying the granting of permission to the Stolichnyy Bank, it is very plausible that this actually occurred.

Thus, it would be hardly premature to conclude that the first (not counting the former Soviet banks abroad) full-fledged branch of a Russian commercial bank in Western Europe will be the bank branch of the Stolichnyy in Amsterdam. The bank has already put in over one million dollars to create this branch, but these expenditures will have to pay for themselves very quickly. For example, the bank is counting on attracting clients by giving preferential rates for service in its Dutch branch, which in part will allow Russian capital to be returned to its own economy. In addition, the branch bank will be a Dutch juridical person. This means that the doors of unified Europe will be open to it, and more and more banks can spin off from it to other countries.

[Boxed item]

At present the network of full-fledged branches of Russian commercial banks abroad consists of a branch of the Inkombank on Cyprus, the Cyprus branch of the Vneshtorgbank, and the branch of the Russian Commercial Bank in Zurich, as well as former Soviet banks abroad.

With regard to foreign representatives, many Russian banks have them, for example, Tokobank and the Industriya-Servis (both on Cyprus), Inkombank (in Switzerland), the Eskado Bank (in Sweden), and the St. Petersburg Bank (in the USA).

[End box]

Results of International Contest for Omsk Oil Disputed

944Q0323C Moscow KOMMERSANT-DAILY in Russian
16 Apr 94 p 20

[Article by Anatoliy Zakharov: "Results of the Competition Have Provoked Dissatisfaction on the Part of 'Tomskneft': Scandal in Tomsk Oblast"]

[Text] Leonid Filimonov, general director of Tomskneft Joint Stock Company, held a press conference yesterday on the results of the international competition for the right to explore and develop oil and gas deposits in the Pudinsko-Parabelskiy District of Tomsk Oblast. Mr. Filimonov

believes that "the competition was conducted to the detriment of Russian oil men" and that the Swiss IMEG Management S.A. consortium was announced as the winner of the competition on the basis of unwarranted advantageous rules. According to Mr. Filimonov, he found out about this competition only a month before the results were announced and, therefore, Tomskneft was not able to participate in it. Representatives of the Geointertek Joint Enterprise, the company that conducted the competition, told correspondent for KOMMERSANT-DAILY that the rules governing the competition did indeed change somewhat over a period of two years, but that the Joint Enterprise did not hide this fact. According to Geointertek representatives, this competition was, on the whole, not very attractive to investors, because the development of disputed deposits would probably be unprofitable.

The Strange History of the Competition

The first international tender for the barely-explored Pudinsko-Parabelskiy deposits was presented in the city of Denver (USA) back in the summer of 1992. At the time, packets with geological information for tender applications were purchased by seven foreign companies, and the first results were to have been received in January 1993. Several companies, however, in anticipation of preferential tax rates from the Russian government, asked that the tenders be delayed until July 1, 1993. Preferential rates were not received by that time, and the tenders—due to unprofitability of the project for foreign investors—were not offered.

In March 1994, however, after Boris Yeltsin's decree of December 24, 1993 ("On Issues of Agreements Regarding Allocations of Production in Using Mineral Resources"), which changed the tax policy in the oblast, this competition again became attractive to investors. For this reason, in March of this year the Tomsk Oblast administration announced an "extension" of the competition with all the former rules still in effect.

These rules were rather strict. The entire competitive territory was divided into 20 parcels—"blocks"—and applications for "a territory less than one block in size" were not accepted, but the amount of the bonus was calculated on the basis of each square kilometer of a block. It was also assumed that bonus payments would be made immediately after the results of the competition have been made known, but in the event a contract was not signed with the winner, the Russian side had the right to keep 20 percent of the bonus as a security payment.

Nevertheless, as a result of the competition, the winner—the IMEG Corporation—received only parts of the 9th, 10th, and 17th competitive blocks, the territory of which has known oilfields amounting to 23 million tonnes. According to data from experts, these are the most convenient "pieces" for which other companies—that had intended to participate in tenders back in 1992—could have fully competed.

Requests to clarify what the bonus consists of were not fulfilled either; for example, that a part of the sum was definitely a security payment. According to the results of the competition, the consortium is obligated to pay \$2.5 million out of its bonus only "when an agreement has been signed and implemented between the Russian and foreign parties," and another \$6 million of the bonus to be paid to "the Tomsk Oblast fund for social support when a certain level of extraction of hydrocarbons has been achieved, which will constitute a subject for negotiations." According to experts, thanks to the aforementioned "negotiations," the payment of most of the bonus can be simply delayed for an indeterminate period of time.

[Boxed item]

The Pudinsko-Parabelskiy part of Tomsk Oblast is in the south and center of the oblast. It is divided into 20 sections—blocks that range from 2,000 to 6,000 sq meters each. Approximately 20 deposits of oil and gas are found here. Oil reserves that can be extracted from them range from 0.4 to 4.0 million tonnes and more. It has been admitted that development of these oilfields is not profitable for the Tomsk Oblast oil refineries, but profits could be made if modern Western technology were to be used. The total amount of reserve oil that can be extracted for industrial purposes in the Pudinsko-Parabelskiy area is 28.6 million tonnes; average reserves of oil in the oilfields is 1.6 million tonnes; extractable reserves of gas condensates total 13.1 million tonnes; and extractable reserves of gas total 72,346 billion cubic meters. From a geological perspective, only 30 percent of this section has been studied.]

The Oblast Administration Is Happy With the Results of the Competition

Only two companies participated in the last competition. The second one, the Russian Konventsiya Joint Stock Company together, with its co-investor, the Norwegian firm Skaninvest (Scandinavian International & Investment), did not provide information about its financial and technological capabilities. In addition, Konventsiya proposed \$2.2 million in bonus payments and \$10 million for conducting geological exploration work during 1994-95 in an area of 7,400 square kilometers.

Meanwhile, the IMEG consortium pledged to pay a bonus of \$8.5 million, as well as to spend a minimum of \$46 million only on exploration of deposits in an area of 2,870 sq kms during the first five years. According to the IMEG proposal, the Russian share of the project's profits would be 64-66 percent.

According to Vladimir Ponomarenko, first deputy chief of the Tomsk Oblast Administration, IMEG's victory in the competition—one condition of which was participation in developing new deposits for the Tomskneft Joint Stock Company and the Tomskneftegazgeologiya State Enterprise—will result in creating new employment, saving the geological service, and implementing a program for supplying the oblast with gas. In addition, the

Russian side is counting on receiving 25 percent of the extracted raw material and, moreover, around two thirds of all payments tied to exploration and development of deposits will remain in the oblast. The oblast administration estimates that capital expenditures alone by foreign investors to implement this project will amount to \$300-400 million. A significant portion of this money will "settle" in the oblast.

Tomskneft Is Not Happy With the Results of the Competition

Leonid Filimonov, general director of Tomskneft, announced at a press conference, that the day before he had had a "tough talk" about the results of the competition with Viktor Kress, head of the Tomsk Oblast Administration, who had signed off on the results of the competition. Mr. Filimonov declared that he found out about the competition only one month before the results were announced. So, even if Tomskneft had participated in the competition, it could not have prepared itself well enough to compete with the foreigners. More than anything else with regard to the results of the competition, Mr. Filimonov was indignant about the fact that a foreign concern became the owner of a license to develop the territory. Mr. Filimonov believes that the administration should have given "a priority to local forces, to the union of oil men, oil technicians, and geologists, and then we could have invited foreigners."

The head of Tomskneft declared that he "thinks that the consortium will not invite me to work, but will invite its own foreign workers." In his words, Tomskneft "is the enterprise that we are establishing to supply the oblast with gas, and it should receive a priority license for exploring deposits."

[Boxed item]

Over the last two years this is already the second scandal revolving around Russian tenders, organized by the Geointertek Joint Enterprise.

On November 20, 1992, KOMMERSANT-DAILY wrote that a certain Commission for Financial and Legal Control and Struggle Against Corruption, under the then Premier Yegor Gaydar, had been checking the results of oil tenders in the Republic of Komi, organized by Geointertek. The competition was won by the American Occidental Oil Company, which pledged to pay a bonus of \$10.5 million. A check was written for the first \$2.02 million. However, as the Commission found out, in 1992 this money did not go to Russia. Edvard Gendelman, deputy chairman of the Geointertek board, deposited the entire amount of the bonus—in two parts—in the account of the Central Bank in Denver. Then, according to information from the Commission, "notwithstanding the demands of the Central Bank to transfer the given amount to Russia" it was transferred to the account of the Natta/UK/LTD Company in the Indosuez Bank in London. But after five days, the entire sum was transferred to the account of Ukhtaneftegazgeologiya in Komi.

Members of the above Commission declared that this occurred thanks to their efforts and pressure on the directors of Geointertek. The results of the Commission's investigation were handed over to the prosecutor and the Directorate of Internal Affairs of Tomsk Oblast, but nothing came of the verification that took place there.

Meanwhile, the directors of the Joint Venture itself do not see anything illegal in any of these maneuvers with the \$10.5 million. According to Mr. Teplitskiy's explanation, the bonus was not supposed to be transferred to Russia prior to the signing of the documents testifying to the results of the competition. With regard to "throwing" the money to London, well, this was done so that the money could be sent directly from there to a bank in Komi. According to Mr. Teplitskiy, the Joint Venture has statements from banks in Denver and London to the effect that the money could not have been used in any way by Gendelman. Mr. Teplitskiy believes that the efforts of Gaydar's commission did not at all facilitate the transfer of the money to Russia: "It would have come without all that." Incidentally, by decision of the Komi Council of Ministers, for organizing this competition the Geointertek Joint Venture received about \$2 million that came out of the bonus payments.]

Organizers of the Competition Are Happy With Everything

Vladimir Teplitskiy, acting head of the Geointertek Joint Enterprise, which conducted the competition, told the correspondent for KOMMERSANT-DAILY that "the scandal surrounding the results of the competition was caused by political motives and attempts by certain forces to compromise Governor Viktor Kress."

Mr. Teplitskiy insisted that the rules of the competition were not violated, but simply changed over these past two years and were related, in part, to conditions for paying out bonuses. According to him, even under these new conditions Geointertek had great difficulty in attracting the attention of foreign firms towards this competition because the Ministry of Economics had concluded that the development of these territories was unprofitable. In any case, Mr. Teplitskiy admitted that studies of this area were very weak and that it might be possible to find large oilfields at deeper and older strata, which—for all practical purposes—have not been studied here at all. Huge investments are needed for this. For this reason, Mr. Teplitskiy considers the results of the competition as a great victory, all the more because the IMEG project will provide work to the poverty-stricken Tomsk oil geologists.

Be that as it may, in addition to the term "a block of territory," the rules of the competition also had the term "a single block"—an area of 100 sq kms from which large blocks were formed. According to Mr. Teplitskiy, it was not allowed to subdivide precisely these single

blocks, but any of the large 20 blocks could be subdivided. At any rate, he admitted that it was possible to have a "double meaning" from reading this text.

In Mr. Teplitskiy's words, the announcement about renewing the competition was published well in advance in the bulletin of the Ministry of Fuel and Energy and the Russian Geology Committee, so anyone who was interested had time to participate in the competition. It is true, he admitted, that nothing was said about changes in the rules or conditions for the competition in this announcement.

Bosnian Envoy, Commentary Discuss War in Former SFRY

Envoy Calls for 'More Balanced' Russian Policy

944Q0336A Moscow KOMMERSANT-DAILY
in Russian 20 Apr 94 p 4

[Article by Viktor Zamyatin and Sergey Tsekhmistrenko:
"Sarajevo Asks Moscow To Reach Out to Muslims"]

[Text] In any interethnic conflict, it is hard to find out who is right and who is wrong. Sometimes one even gets the impression that everybody is right, and the arguments of one side are just as convincing and well-substantiated as those of the opposing side. This is not accidental. As a rule, such conflicts have their root in disputes over possession of territories, which the conflicting sides may consider their traditional domain with equal justification (including from the standpoint of historic rights). A KOMMERSANT-DAILY correspondents' conversation with Ibrahim Dzikić, Bosnia-Herzegovina representative in Moscow, is indicative in this respect.

In Mr. Dzikić's opinion, the war in Bosnia is not of religious or ethnic nature. What is happening there is a fight for territories, and a predatory one on the part of Serbs—they have dismantled and taken out to Serbia the entire industrial potential from the lands seized from the Muslims. Overall, in Mr. Dzikić's opinion, Serbia has been the initiator of both Yugoslavia's disintegration and all the wars on its territory. Belgrade is set to build a "Great Serbia," which would include most of former federative lands. Unfortunately, these actions had the blessing of the Orthodox churches—Russian and Serb.

Today the Federal Republic of Yugoslavia interferes directly in the Bosnian conflict, sending there tanks, equipment, and troops from its army's Uzice and Novi Sad corps. Heavy armaments taken by Serbs from Sarajevo environs was used in the latest battles near Gorazde. Describing the situation around this city, Mr. Dzikić emphasized that it shows that Bosnian Serbs do not want the war to end. The situation in Gorazde got exacerbated due to Serb aggression. The diplomat characterized all talk of "Muslim provocations" as Belgrade's conjectures, since the population of besieged Gorazde consisted mainly of women and children, who for two years have not had contacts with other parts of Bosnia. To accuse them now of provocations is madness that would be

tantamount to accusing Leningrad inhabitants of similar things during the blockade. As to Bosnia's Serb leaders—Radovan Karadzic and General Ratko Mladic—they should be regarded as nothing more than war criminals, with whom it is no longer possible to conduct a constructive dialog. Especially considering that, in Mr. Dzikić's opinion, they do not represent the interests of all Bosnian Serbs: Only about 40 percent of Serbs live in the Serb Republic controlled by them. Most Bosnian Serbs, however, consider themselves its citizens and cooperate with the government.

As to Russian role in settling the conflict, in Mr. Dzikić's words, its position should be "more balanced" with respect to all republics of former Yugoslavia, including Bosnia. Today Moscow essentially defends great-power claims on the part of Serbs (although far from all Serbs share such ideas). Russia also is against lifting the embargo on arms shipments to the Bosnian army, but without it, in Mr. Dzikić's opinion, it is impossible to defend the state against aggression. At the same time, Sarajevo supports Moscow in that Bosnian borders cannot be changed through violence. Looking at the overall level of inter-state relations, however, much remains to be done. A good beginning, in the opinion of Bosnia's representative, would be to establish diplomatic relations. So far Russia is in no hurry to proceed with this, although it has recognized Bosnia a year ago.

Commentary States 'No Angels' in Balkans

944Q0336B Moscow KOMMERSANT-DAILY
in Russian 20 Apr 94 p 4

[International Affairs Department's commentary]

[Text] Undoubtedly, the bitterness of Mr. Dzikić's comments about Serbs results from the fact that for him they are enemies. Although from the standpoint of formal logic it is hard to disagree with much of what he said. It is true that the army, subordinated to Belgrade, had started the war in the former SFRY; it is true that Serbs plunder the territories they seize, and that Russia does not support the Muslims in the matter of lifting the embargo. But this is only one side of the coin. The other side is that there are no angels in the Balkans altogether: Muslim plunder, too, and the latest Serb actions near Gorazde (unquestionably aggressive) were in response to Muslim provocations (and this is an irrefutable fact). Neither can one overlook that the Serb aggression by itself (and this word is appropriate here) to a considerable extent had been prompted by the legal vulnerability of Serbs in different corners of the SFRY that disintegrated after Tito's death. At the same time, the West, in its hasty recognition of Bosnia and Croatia, only fanned the spark of great power designs in Belgrade. Neither is Russia without sin, having at first in a way played along with the anti-Serb policy of the West, but later taking a more balanced position. Today, however, the question is not who is more at fault, but how we can extinguish a war that threatens the security of entire Europe. To this, Mr.

Dzikic does not have a positive answer. He is no exception, though. Nobody has this answer.

Middle East Peace Process, Russian Interests in Region Assessed

944Q0331A Moscow MEZHODUNARODNAYA ZHIZN in Russian No 2, Feb 94 [signed to press 18 Mar 94] pp 129-137

[Article by Aleksei Fedorovich Chistyakov, deputy director, Near East and North Africa Department, MFA Russia: "Changes in the Near East and the Outside World"]

[Excerpts]

[Passage omitted]

PROSPECTS OF THE PEACE PROCESS

From the point of view of the interests of international and regional security, the variant of the peace process under which dynamic realization of the Palestinian-Israeli agreement would occur, preferably in a period—if not one which coincides with that envisaged by this agreement, then at least close to it—would appear to be the optimal one. Failure to implement this agreement would inevitably intensify domestic opposition both in Israel and in Palestinian society, while complicating the situation of those taking part in the negotiations on both sides.

And the year 1996 is approaching—the year of parliamentary elections in Israel, and the presidential election in the United States. In consideration of this factor, it would be well for the Palestinians and the Israelis to "stick to the schedule" for working out their agreement. In this respect, parallel progress in talks between Israel and Syria is seen as the optimal variant as well. Although, evidently, Palestinian-Israeli negotiations could indeed proceed to the implementation phase, while bypassing the others.

But in this instance it would inevitably experience the retarding influence of other trends. With such a "truncated" model of development of the peace process, the potential for regional cooperation laid down in multilateral negotiations would not be able to begin functioning seriously. And in the future there would inevitably be complications in the Palestinian-Israeli talks themselves, on the permanent status of their relations, which is to commence in the third year of the period of self-government.

One must say that the peace process in the Near East has already become an important factor in regional stability, and the rounds of negotiations (bilateral and multilateral) and measures taken between sessions—along with their direct purpose—are a kind of contact mechanism for the regional parties and for extra-regional participants in the peace process, which operate practically on a permanent basis.

At the same time this mechanism in and of itself cannot substitute for that system of regional security and stability which would result from settlement of the conflict between its participants themselves.

RUSSIA AND THE NEAR EAST

In the second half of the 1980's, the diplomatic lexicon of Russia continually addressed the thesis that for us, the Near East is not only near, but is contiguous, and that everything that occurs there concerns us directly. It would seem that, as distinguished from the USSR, Russia is situated much farther from the Near East. However, this is not entirely true even geographically. The fact of the matter is, that changes are taking place in the very concept of the "Near East," and today the boundaries of the Near East are much broader than before; and, they are just as close to Russia as they were to the USSR in its time.

It would appear that the public has not yet formed a coherent attitude with respect to the fact that there is a Near East for Russia, and what kind of policy she should have toward it. A wide variety of opinions are expressed, some of which are polar opposites. On one extreme flank, there is the perception that the Near East is located beyond the "natural habitat" of interests of Russian national security; thus, Russia should not be drawn too closely into near-eastern affairs.

The idea presented in late 1992 by G. Mirskiy at an international scientific conference at Tel-Aviv University can serve as an example of the opposite pole of opinion: "The Near East at present is the only place in the world where Russia still can play a peace role. Other regions are practically inaccessible."⁶ One may also encounter an "in-between" approach, which one could arbitrarily call, "drifting with the events."

Naturally, each of the aforementioned ideas has the right to exist, and each can and is being substantiated. I would merely like to note that in recent years the interest of the outside world to the Near East, and to taking part in its affairs, is growing sharply. The appearance of prospects for peace in the region has markedly stimulated this interest, and the diplomatic and business activities of many countries with respect to the Near East.

The fact of the matter is that one of the main peculiarities of the Near East, which determines one's attitude to it from abroad, is the fact that it represents a voluminous and growing market. For us it is most common to associate this market with the arms market. In 1991 and 92, the states of the Persian Gulf alone expended 40 billion dollars for arms purchases.⁷ Military expenditures of near-eastern countries is estimated at 45 billion dollars per year, and taking into consideration the modernization of weapons being undertaken by the key states in the region, military outlays will remain at a high level for the foreseeable future as well.

It is precisely the vast market for weapons in the Near East that they cite "in defense" of the thesis of Russia's

developing relations with this region. Although they are correct in saying that these markets are on the whole "saturated," and that Russia sold less than 3 billion dollars worth of weapons in 1992 and even less in 1993, by 2.1 billion dollars,⁶ Russia in recent years has "crossed over" from the first-place position she held in the second half of the 1980's, to one that is barely on the margins. In addition, for weapons importers the nature of the political ties with the exporting states, stability, reliability and predictability of these ties, are very important.

Indeed, Russia has something to offer the Near East. This, of course, is not the fruits and vegetables, of which this region annually imports more than 30 billion dollar's worth. Primarily this interest represents the technical achievements of Russia. For instance, an enterprise for production of magnesium, using Russian technology, recently opened in Israel. Interest in cooperation with Russia is being displayed in many other areas as well. And for Russia, establishing peace in the region opens the prospects for significant increase in the potential of its business cooperation as well.

Previously the market expanse of the Near East was divided by a key border obstacle—non-recognition of Israel by the Arabs. The peace treaty of Israel and Egypt signed in 1979 opened a breach in these obstacles. The realization of the Palestinian-Israeli agreement is expanding this breach. Peaceful settlement between Israel and its other Arab neighbors would lead to a state in which the near-eastern market expanse would open up all around. World business is positioning itself for precisely such a prospect.

As arguments "against" Russia's developing an active partnership with the Near East they cite the indebtedness to her of a number of near-eastern states. Our principal debtors are Syria, Yemen, Iraq and Libya. At the same time the share of the near-eastern states with overdue debts to the former USSR (according to data of mid-1992) amounted to a little over 6 billion dollars, or nearly 23 percent of the total sum (28.5 billion dollars).

World economic practice has developed methods for settlement of foreign debts in such a manner that it is advantageous to the creditor and not overly burdening to the debtor; and there are firms who make this their profession. And, finally, at times they assert that in the current complex situation, especially the economic one, it is hard, they say, for Russia to keep in step in the Near East with those who are capable of stimulating their involvement in near-eastern affairs even by financial donorship, and gratuitous aid. However, one hears from certain competent persons in the Near East, that Russia does not have to be a donor in order to take part in the affairs of the region.

The advice to "wait it out" until everything in Russia "straightens itself out" also seems fallacious, since it is well known that any pause in a certain foreign sector inevitably weakens the ties, and in some instances even leads to their loss.

In the context of the present article one must also not avoid the question of whether the Near East is important to Russia from the point of view of the interests of her national security. If one understands their limitation only as the danger of direct armed aggression against Russia, then the answer is probably no—for the present no one is planning on attacking Russia from the Near East. However, there are also in the Near East possible variants of a developing situation in which damage may be done to broader Russian interests.

Some of these variants are connected with the non-settlement of the Arab-Israeli conflict; others with the continuing atmosphere of conflict in the Persian Gulf; still others with the conflict situations along the southern borders of Russia and the CIS, and the attitude toward them of the states of the Near East. This list could be continued.

One way or another, clearly, it is not in the interests of Russia to remain aloof from near-eastern affairs, nor from regular political and diplomatic participation in them, nor from intercourse both with the states of this region, and with those who are involved in these affairs.

Speaking at the 48th Session of the UN General Assembly, Russian Minister of Foreign Affairs A.V. Kozirev, making a positive analysis of the completed political and psychological break-through for resolution of the key problem of a near-eastern settlement—the Palestinian problem—stated that Russia, as co-sponsor of the Conference on the Near East, will spare no efforts to move the peace process along in all sectors.

Actually, in the present situation the mechanism for the peace process was found to lie principally in the sphere of diplomacy, in which both regional and non-regional participants were interacting, and realizing their own national interests connected with the Near East and with relations with near-eastern states. The line for such interaction with the USA was confirmed by the Russo-American statement on the Near East, adopted 14 January of this year in the course of the Moscow summit as well.

It is evident that such active participation in the peace process is in favor of the national interests of Russia as well, and in the interests of her security—the settlement of the near-east conflict within the framework of this process, stabilization in the context of normalization of the situation in this region, and the establishment of a system of security in it.

Footnotes

6. "The Arab-Israeli Negotiations", Tel-Aviv University, 1993, p 112.
7. IZVESTIYA, 16 February 1993.
8. ARGUMENTY I FAKTY, 1993, No 51, "Segodnya," 28 January 1994.

COPYRIGHT: MID RF. Mezhdunarodnaya assotsiatsiya "Znaniye". "Mezhdunarodnaya zhizn", 1994.

Trade With Turkey Increasing Rapidly

944Q0312A Moscow KOMMERSANT-DAILY
in Russian 7 Apr 94 pp 1,4

[Article by Svetlana Sukhova: "Turkey Wants To Catch Up With and Surpass the United States in Trade With Russia"]

[Text] The results of yesterday's meeting of the Russian-Turkish Intergovernmental Commission on Commercial and Economic Cooperation may become a breakthrough in relations between the two countries. Although Turkey in recent years has become one of Russia's leading partners, the protocol signed by the commission's cochairmen—Oleg Davydov, head of the Russian Ministry of Foreign Economic Relations, and Onur Kumbaracıbasi, minister of Public Works and Housing—sets an increase in trade of up to \$5 billion as a realistic objective. And then Turkey could catch up with and surpass America as Russia's partner.

In and of itself, a trade turnover that has increased by more than 400 percent over the past eight years—and that is without counting the activities of the army of many thousands of Russian "shuttles"—attests to the successful development of commercial relations. Of course, there are problems. And everyone who has kept track of Russia's negotiations in recent years readily guesses that they consist in debts (Russia's defaulted debt amounts to \$320 million). Granted, in the case of Turkey one must speak of bilateral debt: Turkey owes for the construction of the Beskamberun Metallurgical Mill (about \$35 million), which was built with Russia's assistance.

Yesterday Turkey proposed its option for getting out of the existing situation—to repay the Russian debt with deliveries of gas and military hardware. In particular, the proposal was to sell Ankara \$60 million worth of military helicopters and \$200 million worth of small arms. The interest in the Russian armaments is so great that Onur Kumbaracıbasi expressed the desire to increase purchases of military equipment and armaments by an amount of up to \$600 million a year. As KOMMERSANT has learned, First Vice-Premier Oleg Soskovets has already given his consent to the export of the small arms, and this year \$60 million worth of deliveries will be made toward the repayment of Russia's debt. But by solving the debt problem this way, Russia risks acquiring a heap of unpleasantness far from Turkey's shores. The problem is that Turkey's enthusiasm for acquiring the aforementioned types of arms is directly proportionate to the intensity of Ankara's war with the Kurdish separatists, against whom the weapons are being used. The situation is a sensitive one: The FRG, under extremely strong pressure from other NATO members, recently refused Turkey precisely the types of arms in which it is interested (the pretext was that they are being used for fighting political opponents and for punitive actions against civilians). Moscow, on the other hand, while experiencing a need to increase the market for its arms,

simultaneously fears NATO's negative reaction and is not especially rushing to accommodate Turkey's desires.

The Kurdish problem may, however, become an obstacle to the development of one of the most promising branches of bilateral cooperation—tourism. And the possibilities here are considerable: the mild Mediterranean climate and comparatively low prices (in comparison with the resorts of France or Spain), along with first-rate service, are making Antalya, the center of Turkish tourism, for example, increasingly attractive to Russians who are not spoiled in terms of resort service. However, their mass influx onto Turkish beaches could quite possibly be prevented by considerations of personal safety. At present, for example, many foreign groups are refusing tours and reservations in prestigious hotels on the coast in connection with the step-up in terrorist activities by the Kurdish Workers' Party (PKK), which recently declared war on tourism throughout Turkey's entire territory. Several explosions have already gone off in Istanbul (including in the famous St. Sophia's) and Antalya lately.

However, tourism does not hold the leading place within the total range of economic relations between Russia and Turkey. And therefore hopes for the future are more bound up with traditional forms of cooperation, rather than with tourism. Thus, in yesterday's negotiations it was decided to raise deliveries of Russian gas to Turkey to 8 billion cubic meters a year (and by another 2.5 billion over the next two years—current deliveries are 6 billion cubic meters). It was noted that the chief problem today is transit across Ukraine, which has been pumping gas from the gas pipeline without authorization. The Turks also voiced complaints to the representatives of Gazprom [Gas Industry Joint-Stock Company] who were taking part in the negotiations regarding the price of the gas, which in their opinion is too high.

The development of investment and technical cooperation also remains promising. Interest here is mutual: the Turks, who are already carrying out \$2.5 billion worth of contracts in Russia, are prepared to take part in new projects (primarily in the power-engineering industries). The Russians are not lagging behind, either—the Tekhnostroyeksport Foreign Trade Association is carrying out a number of contracts in Turkey that were signed back during the time of the USSR and are connected with the electrification of a railroad and the construction of three highways near Ankara and a hydraulic engineering complex and dam. Tekhnostroyeksport views winning the Turkish market as a long-range strategy, which is especially important following Russia's loss of its former positions in Asia Minor and the Middle East. The main thing is that the Russians offer only first-class goods and services. The only problem is that, according to the Viktor Velichko, chairman of the foreign trade association, the Turks are chronically late in their payments, which is interfering with the expansion of Russian firms' activities in Turkey.

In the course of negotiations, the question of the shipping regime in the Black Sea straits was also raised. The Russian side insists on strict adherence to the 1936 Montreux shipping convention. Lately Ankara has been trying to restrict it under the pretext of an "environmental threat to Istanbul"—most of the freight shipped through the straits is related to the export of energy sources. And the recent collision of two tankers in the Bosphorus only intensified those fears. As an alternative, the Turks are proposing to Russia to extend the oil pipeline across the bottom of the Black Sea. Moscow is prepared to consider the project, according to Oleg Davydov, minister of foreign economic relations.

Some Figures on Economic Cooperation Between Russia and Turkey (Based on the Information of the Russian Ministry of Foreign Economic Relations)

Trade turnover:

In 1993—\$2 billion (with a positive Russian trade balance of more than \$600 million). The increase in bilateral trade since 1986 exceeded 400 percent.

Some Russian projects in Turkey:

- Construction of the Pazarcik-[Karegli] gas pipeline (200 km). Estimated cost—\$4.5 million;
- construction of the [Komkyur]-[Osmanis] railroad section (78 km). Estimated cost—\$80 million;
- modernization and expansion of the alumina and electrolysis production facilities at the Seydisehir Aluminum Mill. Estimated cost—\$200 million.

Turkish business activity in Russia:

\$2.5 billion worth of construction contracts alone have been concluded as of this time. They include a sugar refinery in Krasnodar Krai and chemical plants in Siberia, Tataria and Bashkiria. Designs are being worked up for the modernization of the petrochemical industry and airports in Tataria.

Military-technical cooperation:

In 1993 an agreement in principle was reached for the purchase in Russia of MI-28, K-126 and K-226 helicopters and MiG-29 planes, the latest antiaircraft and armored weapons, and also small arms. \$60 million worth of arms will be sold and credited toward the payment of debt to Ankara.

Russia's defaulted debt to Turkey:

For credits from the Turkish Export-Import Bank—\$320 million. Formed as the result of the granting of two credits for \$150 million each to the former USSR in 1989, and two credits for \$200 million each in 1990-1991 (only \$300 million of the latter was used).

Westinghouse Signs Atomic Energy, Air Traffic Agreements

944Q0312B Moscow KOMMERSANT-DAILY
in Russian 7 Apr 94 p 1

[Article by Aleksandr Malyutin and Irina Matveyeva:
"Americans Undertake to Outfit the Russian Skies"]

[Text] Among the largest American corporations whose activities in the Russian market have so far gone practically unnoticed is the Westinghouse electronics company. However, events this past week that became known just yesterday, since they were not advertised by the company, indicate that Westinghouse has revised its attitude toward Russia. The company took its first steps in the Russian market with truly American sweep, concluding two major agreements at once. The firm signed a memorandum on the principles of cooperation with the Russian Ministry of Atomic Energy and an agreement on its participation in an international consortium established to carry out a project for the modernization by 2005 of the unified air traffic control system in Russia. The project's approximate cost is \$5 billion.

Many foreign aircraft companies have not yet made up their minds to begin active business in Russia, since they consider flights on Russian airlines to be less than safe. According to official statistics, the level of safety on Russian airlines is three times lower than in the United States and two times lower than in West European countries. The level of training of air traffic controllers and the equipment with which they work do not meet world standards. In addition, international airlines are overloaded beyond permissible norms. Because of all these problems, not only do passengers suffer every possible inconvenience and discomfort, but the state budget loses foreign exchange that it might earn from foreign airlines whose planes flew over Russia's territory.

Last April the Russian government passed a decree "On the Modernization of the Unified Air Traffic Control System in Russia" (and that was when the first negotiations with Westinghouse began). The decree provides for the establishment of an international consortium with the participation of leading Western companies that have experience in organizing air traffic control. At that time the Russian-Italian Buran Joint Venture established by the State Scientific Research Institute for Air Navigation, the Proton Research and Production Association, the All-Russian Research Institute of Radio Automation Equipment and the Italian Aleniy company was working in a similar area, but on a smaller scale.

Buran's experience was taken advantage of, and an international consortium is presently being established (its name has not yet been determined) that will include, in addition to Aleniy, Westinghouse, The French Thomson-CSF company and the recently established Russian Scientific and Technical Center for Air Traffic Control—as the general contractor on the Russian side. Negotiations are continuing with a number of other large foreign companies. As the center's director Sergey

Novikov indicated, "the road to the consortium has not been closed to new investors." According to Mr. Novak, the ultimate value of the project will be determined in April, after the pertinent federal program has been adopted. The Russian side's share in the consortium will be 51 percent.

Until the federal program is adopted, the amount of foreign investments in the large-scale project is not being made public. However, there is no doubt that it will come to hundreds of millions of dollars. When it makes its contribution, the Westinghouse corporation will immediately become one of the Western electronic companies—such as ABB or Siemens—that have invested

sizeable funds in Russia. According to REUTERS, Westinghouse President Gary Clark is also counting on the company's playing a substantial role in modernizing vitally important sectors of the Russian economy. Mr. Clark expressed the desire not only to help Russians realize their dreams for "normal flights," but also to take part in modernizing Russian nuclear-power enterprises.

As a KOMMERSANT correspondent was told at the Ministry of Atomic Energy, for a long time this agency was unable to find a common language with Westinghouse: "It seems that the company had little interest in Russia." However, in this area, too, things have started moving—at any rate, a memorandum on principles of cooperation has already been signed.

KAZAKHSTAN

Almaty Polls on Elections Interpreted

944K1143A Almaty EKSPRESS-K in Russian 27 Apr 94 p 3

[Article by Rustem Sartayev and Sergey Gmyrya, Information Center of the Republic of Kazakhstan Supreme Council: "Only Two Parties With a Solid Electorate—the Communists and People's Unity Alliance of Kazakhstan"]

[Text] Sociologists of the Information Center of the republic's Supreme Council conducted three public opinion surveys in February-March 1994 of Almaty residents on issues related to the elections of the Supreme Council and local representational organs of the Republic of Kazakhstan. The first survey (448 respondents) was conducted one month prior to the elections, the second (439 respondents)—three days prior, and the third (511 respondents)—immediately following the elections.

A comparative analysis of the results of the first and second surveys shows that election campaigning had virtually no effect on increasing the interest of voters in the elections of representational organs of authority. A certain reduction in the interest level was even seen. According to data from the poll conducted three days prior to the elections, only 17.8 percent of Almaty residents (one month prior to the elections this figure was 17.6 percent) were very interested in the coming elections, more than half of those surveyed—52.6 percent (55.1 percent for the poll conducted one month prior) were interested in them to some degree, and 29.4 percent (27.2 percent) expressed complete indifference.

Nor was there any change in the number of respondents who had decided conclusively not to participate in the elections—26.9 percent (26.3 percent one month prior to the elections). Three days before the elections, 24.6 percent still had not decided whether to take part (26.8 percent—one month prior to the elections). A certain increase was seen in the number of voters deciding to participate in the elections—48.1 percent (44.2 percent—one month prior).

Results of the postelection survey showed that 64.6 percent of the Almaty residents polled took part in the elections (62.8 percent of the electorate voted according to data of the Central Electoral Committee). The most energetic voting activity was observed with respect to pensioners, 89.5 percent of whom went to the polls. Also active on election day were military servicemen (75 percent), engineering-technical personnel (74.4 percent), the creative and scientific intelligentsia (69 percent), and workers (65.9 percent), who comprise 33.9 percent of the total number of those voting.

Less energetic were teachers and doctors (61.5 percent of their number voted), students (50.9 percent), entrepreneurs and businessmen (50 percent), and employees of law enforcement organs (41.2 percent). The low percentage of the latter group is perhaps related to the fact

that militiamen predominate here (of mid-level and junior rank) who were actively engaged in maintaining order during the elections.

The degree of participation by age in the elections was directly proportional to the ages of voters. The greatest activity was observed in the category of middle-aged and elderly people: 87.5 percent—for those over 60, 73.1 percent—ages 50 to 59, 74.8 percent—ages 40 to 49, and 59.4 percent—ages 30 to 39. The least degree of election participation was observed in the electorate of the 25-29 age group—49.2 percent of them voted. At the same time, there was no substantive difference between election participants categorized by ethnicity—61.3 percent of Kazakhs and 69 percent of Russians cast ballots. As one can see from these figures, the Russian population of Almaty was somewhat more active than the Kazakh population.

What were the reasons motivating almost two-thirds of Almaty residents to take part in the voting? Over half (55.8 percent) explained their decision by virtue of civic duty. Some 22.5 percent of the politically active citizens explained their participation through a concern for the democratic development of society, and 19.7 percent of participating city-dwellers were influenced by the need to develop and perfect legislation.

Fourteen percent of those voting cited a need to protect the interests of their nationality as being among the motives for their decision (13.9 percent of Kazakhs and 17.2 percent of Russians were thus motivated to participate). The need to elect a professional parliament as a counterweight to the executive branch of power was cited by 13.3 percent of respondents in explaining their decision. Only 7.6 percent based their reasoning on enthusiasm for a certain candidate (6.2 percent—one month prior to the elections). The low percentage seen here illustrates the obvious lack of political figures who are well known and enjoy the prestige of Almaty residents. Only 1.2 percent of the city populace explained their reasoning by virtue of sympathies for a certain sociopolitical organization.

What is interesting is the motivation that led more than a third (35.4 percent) of Almaty residents to decide not to participate in the elections. The overwhelming majority of those deciding not to vote (70.3 percent) explained their nonparticipation through a belief that the election results would not change anything; 69.2 percent felt that those desirous of acceding to power would be elected all the same. Some 9.2 percent of those not voting explained their decision citing indifference as the justification, while the same percentage cited lack of information as the reason. Another 9.1 percent believed their own personal problems were more important than the elections.

Responses to a question regarding political sympathies of respondents on the threshold of the elections showed

the low popularity of sociopolitical associations of the republic. This is explained evidently by the fact that the process of formation of the multiparty system in the republic is in its early stages, and it is still too soon to be talking about the formation of party-political structures of any durability, or about a clear demarcation of political forces.

On the eve of the elections, 12.1 percent of respondents showed a preference for the People's Unity Alliance of Kazakhstan (one month prior to the elections—14.5 percent), the Communist Party—9.6 percent (9.8 percent), independent candidates—9.1 percent (3.1 percent), the Democratic Committee for Human Rights—8.9 percent (5.1 percent), Union of Veterans—8.9 percent (6.5 percent), the Slavic movement Lad—3.9 percent (11.6 percent), People's Congress of Kazakhstan—3.6 percent (4.5 percent), Socialist Party—2.1 percent (1.1 percent), the party Zheltoksan—1.4 percent (0.5 percent), Republican Party—0.9 percent (0.9 percent), the Kazakhstan civic movement Azag—0.7 percent (0.9 percent), Independent Center of Trade Unions—0.7 percent (0.9 percent), and the party Alash—0.5 percent (0.9 percent). Some 22.7 percent of Almaty residents polled had not determined their political sympathies three days prior to the elections (one month prior to the elections this figure was 39.5 percent).

Results of the second survey showed that three days before the elections 39 percent of city residents were unfamiliar with the campaign programs of sociopolitical organizations (one month prior to the elections this figure was 45.1 percent), 22.8 percent were insufficiently familiar with them (25.9 percent), 22.6 percent were roughly familiar (21 percent), and just 13 percent of city residents were familiar with them (6.7 percent).

Despite the increased percentage of voters who had familiarized themselves with the campaign programs of sociopolitical organizations towards the end of the campaign period, survey results revealed that political parties missed the good opportunity afforded by preelection activity to broadly advertise their programs. This can be seen in the third place finish achieved by independent candidates. Only the Democratic Committee for Human Rights and Union of Veterans increased their standings appreciably. The standings of the remainder either decreased or remained at their previous level.

Despite the fact that the Communist Party was not registered as of election day, the Communists have a fairly solid electorate—consisting mainly of people whose standard of living dropped sharply as a result of the reforms conducted. A significant reduction was seen by election day in the number of supporters of the Slavic movement Lad (one month prior to the elections, 11.6 percent of those polled supported Lad; three days prior—only 3.9 percent).

Analysis shows that the reduction was due chiefly to workers, who constituted more than half of the Lad electorate at the outset of the campaign. Whereas one

month prior to the elections, 16.4 percent of all workers supported the movement, three days prior this figure was 4 percent. By ethnic category, an almost threefold reduction was seen in support for the movement on the part of Russians—who comprised the overwhelming majority of its electorate and apparently believed Lad would not stand up for their interests with sufficient decisiveness. Kazakhs, who constituted 11.5 percent of the Lad electorate prior to the elections, stopped supporting the movement entirely. As opposed to the Russians, Kazakhs obviously felt the reverse was true—that the Lad program proposed too radical a resolution of ethnic problems.

As to the question of criteria guiding the voters in making a determination of their representatives, the following results were seen from the third survey. Almaty residents focused their attention firstly on the competence of candidates for deputy (15.7 percent of those polled), 13.7 percent showed a preference for the independence of position of the candidates, 12.7 percent—for their moral qualities (incorruptibility, trustworthiness of their word...), 8.6 percent were influenced by the attractiveness of candidates' campaign programs, 7.6 percent—by the manner of communication, education, and intelligence of candidates, 7.2 percent found the patriotism of candidates important, 6.3 percent were influenced by a candidate's affiliation with a particular sociopolitical organization, and only 6.1 percent of survey respondents were guided by the ethnic affiliation of the candidates.

Preelection survey data on the degree to which Almaty residents were informed about candidates prior to the elections show that only one-fifth of city residents (20.8 percent) knew the candidates registered in their electoral districts, 23.3 percent knew roughly who they were, and 44.6 percent knew nothing at all about the individuals campaigning in their own electoral districts. Some 29.4 percent of surveyed city-dwellers made their selection beforehand. More than a third of respondents (35.8 percent) decided at the polling station.

The following results were obtained for a question asking what influenced the respondent's choice if he had no previous knowledge regarding the candidates: type of work of a candidate was the deciding factor for 16.4 percent of city-dwellers surveyed; occupation—for 15.9 percent; information about a candidate's nomination—9.6 percent; party, movement, or union affiliation—7.1 percent; nationality of a candidate—5.9 percent. Indicating a certain degree of tension in interethnic relations was the fact that 15.1 percent of respondents voted only for a candidate of his own nationality (17.3 percent of Kazakhs and 18.5 percent of Russians voted in this manner)—41.6 percent of these made their selection beforehand, while 55.9 percent determined their choice at the polling station. Thus, survey data show that the random element played a significant role in the elections of deputies.

What do Almaty residents expect from their new parliament? According to data from the third survey, more than half the voters—52.7 percent (one month prior to the elections the figure was 53.1 percent) nurture definite hopes in connection with the newly elected parliament. Some 29.6 percent of survey respondents expect professional work to be done on legislation (one month prior to the elections—28.1 percent), while 18.8 percent (17.1 percent) believe the new parliament will change the existing situation in society. Only 4.3 percent (7.1 percent) think the highest legislative organ will act as a counterweight to the executive branch. More than a fourth—28.2 percent (26.8 percent) of surveyed voters expect nothing at all from their new parliament. A comparative analysis of results of the first and third surveys shows that the election campaign did not increase the prestige of the highest representational authority in the eyes of Almaty residents.

Proceeding from the data presented above, we may draw the following conclusions.

The study shows that preelection campaign activity—restricted within a rigid provisional framework, its inadequate financing, low activity level of the candidates for deputy themselves, weak support on the part of sociopolitical organizations for their own candidates, inadequate clarification of the election campaign in the mass media, and the absence of new, bright political figures all worked to produce virtually no increase in the interest of the electorate with respect to the elections.

Analysis of the data obtained during the course of the third survey shows that the element of randomness exerted a significant effect on the result of the elections in the city of Almaty, this being related to the absolute lack of information on the part of over half (53.7 percent) of the city population that went to the polls.

The elections show a growth of political passivity on the part of Almaty residents as reflected in the refusal of more than a third of the electorate to take part in the voting, explaining their nonparticipation by virtue of a belief that nothing will change for the better as a result of the elections and that those desirous of acceding to power will be elected all the same.

The election campaign exerted no significant influence on the process of establishment of a multiparty system in Kazakhstan since, as opposed to Russia, the republic's political parties failed to take advantage of the marvelous opportunity afforded by elections to the Supreme Council and local organs of power to make a statement about themselves and about their political programs.

Results of the three surveys show that only two parties at present—the People's Unity Alliance of Kazakhstan and the Communist Party—have established a fairly significant and solid electorate, on whose support they can today rely.

The results obtained during the course of the three surveys show that the social consciousness of Almaty

residents is gradually crystallizing, and that it is becoming increasingly independent, freeing itself from precepts of political conformism, i.e., from the subconscious readiness to accept any and all decisions of the state authority.

TAJIKISTAN

Opposition Leader on Talks in Moscow

944K1155A Moscow NOVAYA YEZHEDEVNAYA GAZETA in Russian 19 Apr 94 p 1

[Interview with Hajji Akbar Turadzhonzoda by Dododzhoni Atovullo: "Leader of the Tajik Opposition on an Official Visit"]

[Text] Hajji Akbar Turadzhonzoda, a leader of the Tajik opposition, arrived in Moscow from Pakistan on 17 April. He granted NOVAYA YEZHEDEVNAYA GAZETA an interview right at the airport.

[Atovullo] Esteemed Turadzhonzoda, you were elected head of the official Tajik opposition delegation at the negotiations with the Dushanbe leadership. The intensive negotiations are into their third week now, but you have only just arrived in Moscow....

[Turadzhonzoda] I would have been the first in Moscow had it not been for the sly conduct of the Dushanbe leadership, which did everything possible to put off the negotiations or to stymie them altogether. And it was only thanks to the efforts of the United Nations and the Russian Ministry of Foreign Affairs that the negotiations began. But even here Dushanbe thought up a dodge, sending to Moscow a representative of an inappropriate level.

[Atovullo] You mean the representative nature of the delegation?

[Turadzhonzoda] Of course. It is stupid negotiating with those who do not represent a real political force in the Dushanbe leadership. Or does the minister of labor, who is the head of the delegation, have influence on the republic's military formations?

[Atovullo] Nonetheless, the negotiations are under way. At an inappropriate level, but they are under way. You are undoubtedly informed as to what is happening in Moscow. How do you evaluate the progress of the negotiations.

[Turadzhonzoda] I would not want to evaluate the negotiations until they are completed: each day could produce both positive and negative results. But merely the fact that the negotiations have come about is an undoubted achievement. Hope, albeit fragile, has appeared for the Tajik people. I have to say that the opposition was insisting on negotiations for a year (NOVAYA YEZHEDEVNAYA GAZETA wrote about this repeatedly, incidentally). Fruitlessly. And now, when the negotiations have become a reality, I have

to mention the fact that ALL the demands of the opposition, which were made at the end of last year even, are part of the agenda. I believe that this points to the constructive nature of our position.

[Atovullo] What does your visit signify? Will you take part in the negotiations?

[Turadzhonzoda] The main purpose of my coming here is to meet with politicians of Russia. It is very important for us to explain our positions and plans in a direct dialogue. I believe that we will succeed in personal discussions altering somewhat the "face of the opposition" which exists in the consciousness of Moscow.

A solution of the Tajik question is the key to a settlement of the conflict situation in Central Asia. This means the lives of hundreds of thousands of people. We recognize Russia's great role in a solution of this question and are sure that its geopolitical interests are directed at the restoration of peace and stability in the region. The opposition—and this means, it has to be said, a large part of the population of Tajikistan—wishes to have good-neighbor relations with Russia.

As far as the negotiations are concerned, one thing is clear: If the top persons of the government of Dushanbe come to Moscow, we will be prepared to take part in them.

[Atovullo] The conflicts on the Tajik-Afghan border have been incessant and the shelling of the Russian border posts have continued in the course of the negotiations. Dushanbe officials explain this by the fact that the opposition is endeavoring in this way to frustrate the negotiations. How do you see this situation?

[Turadzhonzoda] I will say at once that we have always been for not a single shot being heard on Tajik land.

Now about the clashes on the border. Yes, I have heard Dushanbe's version. I have heard also that some people are maliciously whispering: What's the point of negotiating with them if they cannot control their field commanders.

But, first, why are Dushanbe officials looking only at the border? Far more people are dying in the streets of the towns and villages. The official authorities not only do not control the armed forces but are even encouraging their punitive functions.

As far as the opposition is concerned, it fully controls all armed formations, which, you will agree, is very, very difficult. And it is not only a question of distances and the lack of dependable communications. The main thing is the hopelessness. People who have lost hope of returning to the homeland are uncontrollable. Hungry, sick, mourning dead brothers and fathers.

But give them just an ounce of hope! I am sure that after an agreement on national reconciliation and a mutual cease-fire agreement have been signed, not a single shot will be heard on the part of the opposition.

[Atovullo] In the opinion of many analysts, part of the leadership of Dushanbe is decidedly against any negotiations with the opposition. Could this matter be settled without negotiations, in your view?

[Turadzhonzoda] Negotiations are not a theatrical performance, in which the participants show off their costumes and subtlety of intellect or lack of it.

Negotiations are an exchange of thoughts, they are concessions and compromise, but, what is most important, all negotiations lead to a "change of seats." Understandably, if they are successful, many people will face a sad parting with their chairs. This is why these many people are attempting to stymie the negotiations and turn them into a theatrical performance. Only they are forgetting that the "spectators" of this performance are the hungry and sick, are being shot at and bombed....

Dushanbe officials, of course, are presenting the negotiations as the result of their wise and peace-loving policy. With a single hope: The negotiations will pass, and the authorities will remain as they were before. They simply cannot understand that the negotiations are already a political reality. You cannot be a little bit pregnant, as the Dushanbe authorities are hoping. There will either be the child of peace, whom everyone is awaiting. Or surgical intervention will be necessary—and this will once again mean blood....

I believe that difficult times have come for both parties. We have to fight against ourselves, our ambitions and illusions. For the sake of our people. For the sake of peace.

We have a chance. No one would ever forgive us were we to let it slip. There is no alternative to the negotiations.

UZBEKISTAN

Misery of Uzbek Rural Life Described

944K0935A Moscow ERK in Uzbek 1 Feb 94 p 4

[Article by Namoz Normumin: "Labor Camps, or Pages From Village Life: Part 1"]

[Text] Normally, when one says labor camps, one thinks of prisons because the labor performed in labor camps is done by those who are not themselves free. It is clear that free labor is not done by free men...

If we are to use mankind's physical and mental attributes, i.e., allow him to work freely, his personality is fulfilled. Thus, the right to work is one of man's basic rights.

Man satisfies his material and spiritual needs instead of wasting his power and abilities. His life is spent amid work and these needs. These two forces form man and define his way of life: in brief, they define the human fate.

I have been giving some thought to working freely. Perhaps others have other ideas.

Well and good, what kind of work is used in today's Uzbekistan. Can one call the work of kolkhozniks in the village free labor?

The present villages of Uzbekistan came into existence as a result of kolkhozification. Three quarters of Uzbekistan's population live in them. Close to four million of this population have contracted infectious hepatitis in the last twenty years. The population in the village lives an average of sixty years. Some 50 out of every thousand children born in the villages does not live beyond the age of one year. We do not want to dwell on the level of education, health, or cultural work in the villages. These are well known to all.

Many, thinking of the fate of the nation, its health, education, and culture, do not think specifically of the village. Village people are living beings, but in chains.

In the interests of justice, we have to say that the majority of these people speak simply and are gullible. If someone were to come on television and say "we have to live in the Union", they would believe it. It is no complicated matter to make them believe the opposite.

This being said, our narrative is about the so-called village labor camps and the way of life of those who live there.

WHOSE IS THE LAND?

We say that the word "kishlok [village]" comes from the verb "kishlamok [to overwinter]." Nomadic tribes spent the winter months in places known to them. The people, once having accepted the sedentary way of life, began to call the place a "village." Up to the October revolution 76 percent of Turkestan's population lived in villages. In the Soviet period, this number did not change significantly. Sometimes one finds tuman [rayon] centers instead of cities and the population living in these is counted as living in cities. This being the case, official figures of Uzbekistan today state that 60 percent of the population live in villages and 40 percent in the cities. Essentially, however, these tuman centers are not cities because these settlements are not industrialized and the way of life of those living in them does not differ significantly from that in the villages. In fact, a part of the population in the tuman centers, as in the big cities, consists of nomadic Russians. In Surkhondaryo, a southern viloyat, the population lives entirely in villages. It is simplistic to call the viloyat center, Termez, a city.

Until kolkhozification, the land of Uzbekistan was in the hands of landlords, and they leased this to peasants or exploited it through day-laborers. Produce harvested from the land was divided between the landlord and the day laborer by contract. One must also point out that a significant portion of the peasants owned their own land. As a result of kolkhozification, the land was completely taken away from the landlords and the peasants to whom

it was leased. The feeling of respect for productive and meaningful labor—the feeling of possession of the land—was extinguished.

Who owns the land in Uzbekistan today? It is thought that most of the land belongs to the state.

The drop from year to year in production from farmed land, the fact that the harvested product does not meet world standards, the ecological harm done by organisms in the soil, its "rape" in order to extract a product from it, in other words, the use of chemical fertilizers, raises the question of who owns the land once again.

The present owner of Uzbekistan's lands is nonhuman and nonnatural—the State.

The government has no intention of privatizing the land. As an excuse, it points out simple reasons such as the majority of the population live in villages, there is a shortage of land and water, and the people's tendency to work in groups. Its goal is to retain the old order by preserving the government in its hands by means of the land.

The population of the republic is now 22 million. A average of 6-7 people live in every family. That means that there are close to 3.5 million families in Uzbekistan. There is close to four million hectares of irrigated land. On the average, every family could receive slightly more than one hectare.

Twenty five sotikhs [a land measure] of land were given to every family in our Republic, similar to the amounts given away in the Peoples Republic of China. On this basis land reform was carried out; rice and other products are the fruits of this reform.

Now imagine: what if instead of twenty five sotikhs of land, what if one hectare was given!

We think it would work better if kolkhoz lands were leased, and then, after a definite period, privatized. Under existing circumstances, this is the only way the resolve the problem. It is difficult, but there is no other way!

Some simple people wonder why our government has not thought of this simple idea. They think that the government is as simple as themselves. But today's government is not so honest. If the government were honest, it would see into what state the rural population has fallen as a result of its policies, and it would have resigned. The reason that land reform has not been carried out in present-day Uzbekistan is that it is possible that as a result of such reforms people in the villages would become both materially and intellectually more independent. If kolkhoz lands were leased to the peasants, they would escape from the clutches of the present order. The peasants would make the transition from compulsory labor to free labor, and, finally, their understanding of their own government would increase. If this

were to happen, who would they follow? And, if democratic elections were held, they certainly would not follow the representatives of today's neocommunist order.

Editorial Commentary on Turkic Unity

944K0935B Moscow ERK in Uzbek 1 Feb 94 p 5

[Article by Editorial Committee: "Response to the Ideology of 'Mankurtism'"]

[Text] The Soviet Empire wanted to create one "Soviet culture" from various cultures, one "Soviet mentality" from various national mentalities, and one "Soviet people" from various nationalities.

It is possible to call this concept of the Soviets "mankurtism" on a conditional basis. This concept was a basic weapon for making more than one hundred nations and peoples living in the Soviet Empire live in one barracks. This weapon was needed to uproot the nations from their historical roots, in order to make the nations feel themselves as a "Soviet people," and to chop out all their roots outside the empire.

The history of these nations was older than the history of the colonizer nation. It was difficult to create a "Soviet people" because it was difficult to eliminate a mentality which had a strong tradition. Thus the empire in the first phase decided to create new nations from these ancient nations.

In this manner Turkestan was divided into five nations and five "new" national names were given to these republics.

The most ancient of the nations, the Turks, lived in Turkestan. The Uzbeks, Kazakhs, Turkmen, and Kyrgyz—these are descendants of one ancestor—are Turks.

The unity of the Turkic peoples was always seen as dangerous to the neighboring nationalities.

In ancient history the Chinese followed a "divide and conquer" policy against us. After Turkestan became a Russian colony, tsarist Russia, and then Soviet Russia, also followed this policy.

Today we have become independent, thank God, and the flags of the Turkestan republics fly at the UN, not as one flag, but as five. No one believes in a single political Turkestan, but our neighbors still see themselves as living in danger.

As for some leaders of the republics of Turkestan, they are evidently thinking of eliminating this "danger." They are even prepared to repudiate the history of their own nation in order to ingratiate themselves to our former "lords."

The article "The History of the Origin of the Uzbek People" which appeared in the 20 January issue of

UZBEK, "The History of the Origin of the Uzbek People" written to comfort our former "lords" and, at the same time, in the spirit of toadying before them.

The authors of this article, written at the order of the leadership of Uzbekistan, are saying: "Lords, fear not, the peoples of Turkestan will never unite, we are Uzbeks, Kazakhs, Turkmen, and not Turks!"

In this article they view the opinion of writers and poets with sarcasm; in discussing their discussion of history and the nation, they stamp their opinions as "non-scientific." "Unfortunately," they say, "this situation (calling the Uzbeks Turks) manifested itself in the 1920s in Central Asian history, in the years of reconstruction...in the years when ideas were free."

In other words, the logic of "thank God, these years of free-thinking are over."

It does not matter, this logic pervades the consciences of the authors. There are things in the article more important than this.

Our scholars wrote the following: "The Uzbeks are not Turks, they are turkophones, in contradiction to the ideas advanced by a few people."

Not even our most terrible enemies have put forth a more mistaken idea. Even they have been compelled to say that the Uzbeks are of Turkic origin.

If the Uzbeks were not Turks, the Russians would not have begun their campaign against pan-Turkism in Uzbekistan.

Let us mention anti-scientists: even the chauvinist turkologist Zhirinovskiy who is well known for his nonsense knows Uzbek history better than our academicians.

In his interview Zhirinovskiy said: "There is no nation called Uzbek, there are tribes of Turks in Uzbekistan that have stopped fighting with each other, and now everything is in order."

Certainly, Zhirinovskiy meant to insult we Uzbeks with the word "Turkic tribe." But the word "Turk" is not an insult, but an honor. This certainly does not testify to the intelligence of the chauvinist-turkologist.

Does it testify to the intelligence of Uzbek intellectuals?

Thank God, it does.

Discussion of the identity of the Uzbeks did not begin today or yesterday but, perhaps as our academicians wrote, in the 1920s.

But the academicians were afraid to mention the names of the intellectuals who discussed this in the 1920s because their names are names which are loved in our nation.

The fact that the Uzbeks are large branch of the Turkic tree was stated by our Jadids [jadidism was a modernization movement in Central Asia]. For this reason, Abdulhamid Sulaymon Cholpan, Mahmudkhoja Behbudi, Munavvar Kori, Mustafa Chokay, and Abdurrauf Fitrat were called "pan-Turkists" by the Russian colonialists and were punished accordingly.

But the discussion about whether the Uzbeks were Turks or not was not started by the Jadids, but by the Russian colonialists. In fact, for the Jadids the Uzbek identity was never a secret.

We have a nationalist intelligentsia that talked about the Uzbek identity both in the Soviet period and even today.

Turning the identity of the Uzbeks into a mystery was, as we stated above, an ideology of colonialists.

Academicians A. Askarov and B. Ahmedov, who are prisoners of this ideology, began their article in order to prove that the Uzbeks are not Turks with the opinion of the Russian scholar S. Tolstov: "Many of the Central Asian peoples not go back to ancient ethnic groups but have found their reflection in indigenous local people and other peoples nomadising through."

Fine, respected academicians, but do you mean to say that there is any other nation which has not mixed with other stock in the world? That today the nations called the English, French, and Germans have not mixed their blood with the blood of others? And what about the blood of the Turks of Turkey?

Find us a "pure-blooded" tribe.

You will not find it.

Even the Japanese nation which lives on an island was not devoid of external ethnic influences.

But racists define the nation with blood.

In our opinion, a nation is not defined by blood, but by other factors: nation means there is a unity of language, a unity of culture, a unity of customs and traditions, way of life and way of thought.

Five centuries ago our ancestor Navoi said it in this way:

If there is one tribe, there are a thousand, And the Turk tribe is mine.

Navoiy does not say, as do our academicians, that it is a "Turkic-language people," but that it is a Turkic people.

Because Navoiy was a poet, did that make him "sensitive?"

If "sensitivity is nonscientific," let us mention the words of a less sensitive historical personage:

"We, whose land is Turan, Our prince is Turkestan. We, who are the most ancient and largest of nations, We are the main flank of the Turks."

Our ancestor Prince Temur said these words. Our ancestors did not say we are "Turkic-speakers," they said we are Turks.

The academicians consider their readers to be so uneducated that when they say "Turk", they only wish them to understand it to mean the Turks of Turkey.

Finally, it does not mean that the Uzbeks descended from the Turks of Turkey; on the contrary, it means the Turks of Turkey came from Turkestan.

The academicians also make oversimplified statements about the Uzbek language: "Uzbek is not a pure Turkic language."

We give to following response to them in the words of Navoiy:

"I have pondered much in Turkic poetry, I have turned a fortress into a state."

The present Uzbek language constitutes the center of the great Turkic language.

Why?

The Kipchak dialect is at the foundation of the modern Kazakh and Kyrgyz languages, the Oghuz dialect is at the basis of modern Turkey Turkish, Azeri and Turkmen, the basis of modern Uighur is the Karluk dialect.

At the foundation of the modern Uzbek language are elements of the Kipchak, Oghuz and Karluk dialects. For this reason, our present-day Uzbek is at the center of the Turkic languages, respected by scholars. In other words, it is not as you said, a new language "shaped on the foundation of the Turkic languages," but the Turkic language itself.

One must recognize that after accepting the Cyrillic alphabet our language was damaged perceptibly and the laws of vowel harmony which are special to the Turkic languages were violated, but our language did stay secure. One does not have to be an academician to understand this, it suffices to read and write.

Abdulhamid Cholpan never traveled to Turkey, but he wrote dozens of poems in the Turkish of Turkey. Had our academicians read these poems, they would have known that the only difference between Turkish and Uzbek was in accent and certain newly-created neologisms. But they did not wish to read these poems, they studied instead the works of colonialist ideologists Tolstov and Yakubovskiy.

In addition to this, there are a number of strange things in the article by Askarov and Ahmedov. The historical sources they used, instead of proving that Uzbek is not Turkic, but use many documents to prove that it is Turkic.

Other than the utterly false statement that "Uzbeks are not Turkic, they are turkophonic" at the beginning of the

article, they do a disservice to a number of authors. But one can shatter this false claim with a number of questions:

"You say that the Uzbeks are a tribe which came in with Sheybani Khan and they mixed with the indigenous population of Turkestan. Good, what was the name of the local population? Who say "turkophonic" but is there not such a nation in history?"

"You use the word "sart." But the sarts were not a nation, it is a title given to city-dwellers."

"And another aspect: you connect the word "Uzbek" with Uzbek Khan, a khan of the Golden Horde. But where did the word "Uzbek" come from?"

"Some people think that "Uzbek" does not derive from a phrase meaning "masters of themselves," but from "Oghuzbek", or a late manifestation of it meaning "bek of the Oghuz."

This means that the history of "uzbek" is even older than the history you mention.

It is possible for us to go even deeper into this history: the Greek historian Herodotus used both "ancient Uz" and "Ughuz."

Finally, what name did the nomadic Uzbeks and the indigenous population (Turkestani Sarts) who later took their name use?

Soghdian, Massagetian, Saka, Farsi—which do you prefer?

Give us a name so we do not dangle in the heavens!

Yes, it is possible that we have in our blood the blood of Soghdians, Massageties, and Sakas. But the primary element in our blood is that of the ancient Turks, the blood of the Huns and Kok Turks. You know this well.

In order to prove their point, our academicians talk about the physical characteristics of the Uzbek. In the physical type of our people one finds both the Andronov and the Mongoloid type. But the nation is not defined by the shape of a man's head. The Andronov and Mongoloid types are a racial question. The concept of a nation is broader than that of race.

We have spoken in a national language called Turkic for two thousand years, we have lived with its national customs and traditions, we know ourselves to be Uzbek Turks and take pride in it.

We could bring up our ancestors who considered themselves to be Turks—Alisher Navoiy, Emir Temur, Zahiriddin Boburshah, Mahmud Kasghari, and others—and speak out against the ideology of mankurtism, but this is not an honorable business because to enter into such a discussion would be like comparing the sun to a candle.

If you want to conceal the fact that the Uzbeks are Turks, then you should demolish the statue of Emir Temur which stands in Tashkent because Emir Temur also thought he was a Turk.

If you would escape the Turkic family, do not call Ahmed Yassavi "our poet" because he thought he was a Turk; you must also destroy the works of Alisher Navoiy because Navoiy took pride in his turkdom. You have to ban our entire classical literature and all our ancient history because this classical literature and ancient history clearly talked about its own turkishness.

Create a new nation with only Tolstov and Yakubovskiy, write a "history of this new "nation," and call it "The History of the Mankurts," and you yourselves will be the heroes of this "new history."

Only, do not try to hang curtains on our windows to conceal the identity of the Uzbeks because our nation's history cannot be covered with a rotting curtain remaining from the Nikolays, or not even with an iron curtain.

That is how brilliant our history is.

Government Seen To Manipulate Election Process

944K0935C Moscow ERK in Uzbek 1 Feb 94 p 6

[Article by Akram Sirojiddin: "The 'Art' of Elections"]

[Text] Elections in Uzbekistan found expression in the Constitution and numerous laws, and laws on freedom, multipartyism, opposition candidates, freedom of thought were published in the press. But, in fact, in order to evaluate how the election was held, one can divide it into three parts. The first was the election during perestroika, the second was the presidential election, and the third, elections free of democrats. If we examine this electoral process in three parts, we may predict the results of the elections to parliament in 1994.

'BLACK FORCES'

When the democratization of elections in the former Soviet Union began, Uzbekistan did not like this road. But, under Moscow's influence, it was compelled to pass a law on democratic elections.

The months of February-April 1990 were designated for parliamentary elections in Uzbekistan. The Central Committee of the Communist Party viewed this seriously. The communist administration ordered that a list of candidates for obkoms be submitted well beforehand. By the time the list of candidates was scrutinized at the Central Committee, a special pattern had taken shape. According to this pattern the percentages of workers, kolkhozniks, intellectuals, and nonparty members were brought into correspondence. Then the list was turned over to the KGB administration and was examined once again. In this period the obkoms filled in the places of the changing candidates. It was thought necessary that questions such as age, sex, origin, and nationality fit into the

pattern. After all this was arranged, the list was scrutinized at the Central Committee bureau. Then, meetings were set up, and candidates on the list began to be viewed.

Names on the list were broken down into three categories. A "red category" candidate means that he will be a candidate under any conditions. Electing a "blue category" candidate on an opposition basis could certainly be permissible. The possibility of a "black category" could be permitted on the basis of his age, nationality, or profession. Candidates within the red category have been ordered to back up Central Committee members and oblast leaders in their electoral districts and, as far as possible, do what they are told. The oblast party committees who have supported the blue category candidates on the list make them responsible to the oblast leadership. Black category candidates are responsible to the rayon leaders.

Fifty percent of the candidates are red category, 25 percent blue, and the rest black. Appearances in the press, propaganda and publicity for meetings, the demonstration of respect for the candidates are all permitted on the basis of these categories. This has mobilized a great deal of power.

At the time the minds of the people had begun to open because of glasnost and a degree of press freedom. In fact, the democratic movement in Russia was the trigger for this. Thus, although this was considered to be "arbitrariness" by the Central Committee, the people began to indicate their own candidates. The fact that the voters were not counted at pre-election meetings and a few mistakes were permitted on the documentation, these candidates were not put on the list. In some places where the voters met three or four times, their candidates were put on the list.

What is interesting is that the majority of the candidates designated by the people were communists. Only they were slightly more conscientious and closer to the people than the candidates selected from higher.

Now a second barrier was put in place. "Work" began with the "arbitrary" candidates first in the rayon, then the oblast, and finally in the Republic Communist Party administration. They demanded that their own candidates be taken because they had left their jobs, been arrested, or given a promise. A number of candidates were easily caught in this trap.

Those who had entered into the fight were on the list, despite the barriers mentioned above. First the KGB, then the Ministry of Internal Affairs studied them. Complaints about them were compiled at the workplace, negative articles about them began to appear in the press. Additional forces were mobilized in the districts where "arbitrary" candidates had declared themselves. To this "battalion" was given the role of spreading rumors among the people, and fighting with any kind of impermissible means.

Possible candidates for deputy positions were subjected to intense scrutiny again. Eight or nine candidates would come to the fore immediately. The goal was to eliminate the "arbitrariness" from the "game." When election day arrived, close to two hundred of a few thousand "arbitrary" candidates remained. The question was what to do about them? As usual, names were compiled by electoral district and precinct. These lists were submitted, and then posted. Thus, commission members familiarized themselves with the names of the candidates on the list. The commission chairman was the representative of the executive branch of the government. In the villages teachers were mobilized for the elections.

For years the people showed no interest in the elections. As a result, 30 percent of the population did not cast a vote. Three or four persons in the electoral districts were moved "higher" on the ballots. This experience was frequent. Of the "arbitrary" candidates, who were under strong scrutiny and not permitted to do this, more than thirty won their elections and became candidates.

If you take a look at the composition of delegates to the 12th session of the High Assembly, you would see that the majority were leading cadres and communists. They were essentially elected without competition or opposition; that is, they were "reds." There were representatives of all sectors in the group of those who never tired of voting to satisfy everything, namely, the "blues." The "arbitrary" delegates, primarily intellectuals, were added to the list of the "black" category. The majority did not know that the phrase "black forces" was applied to this group in Uzbekistan.

'ENEMY FORCE'

In Uzbekistan the presidential elections are not a natural movement. At the first session of the Supreme Council the deputy Toiba Tolaganova, considered one of the "black forces," said: "Among us, those who want to hold a presidential election are advocates of one-man rule and dictatorship. We are still not done with being subservient to a leader. If we elect a president, he will certainly turn into a Shahinshah."

I. Karimov denigrated the deputy and said: "this is not Tolaganova's idea, but an idea of the black forces." Karimov, himself, had become president by decree from the Supreme Council. In the course of a year he took all the power of the government into his hands. By the time the Soviet empire had crumbled, presidential elections began to be held on a democratic basis in the republics which had become independent. Criticism in the foreign press and domestic relations worried I. Karimov significantly. He prepared a draft law on presidential elections. At the 7th session of the Supreme Council the "black forces" considered this draft to be anti-democratic, and did not allow it into the agenda. The president, "fully recognizing" the mistakes, made a few changes in the draft, allowed it to be presented again at the 8th session and announced presidential elections for

29 December 1991. According to the draft, individuals backed by parties, or who had collected 60,000 signatures could become candidates for election.

There were two parties, the Erk Democratic Party, which had not yet been removed from the list, and the former Communist Party, renamed the People's Democratic Party. The Communist Party nominated Islom Karimov, and the Erk Democratic Party nominated Muhammad Solih.

They also collected 60 thousand signatures or made an effort to do so. The Central Electoral Commission did not allow these under various pretexts.

At first Islom Karimov did not take Muhammad Solih's candidacy seriously. Because of the nomination of opposition candidates, he silenced world public opinion. He had calculated that he could persuade the voters to vote for him. Thus, Islom Karimov did not prepare a pre-election plan for himself. But every morning officials of the KGB—now called the National Security Committee—began to bring him disturbing reports: "Muhammed Solih has prepared his presidential campaign. He intends to announce it," "From secret talks with intellectuals, it has become clear that they are moving to his side," "Interest in Muhammed Solih in the villages is great," "Youths, especially students, have openly gone over to his side," "The number of those joining Muhammed Solih's party in rayons and oblasts is climbing..."

This and similar information made the president cautious. He rapidly organized an "election staff." The staff was divided into three sections: those working in the open, those working from outside, and those controlling the election commissions. Those working openly included the faithful representatives of the president. Those working from outside included state advisors, members of the government, oblast and rayon leaders, the KGB and the MVD.

Control of the election commissions was turned over to I. Jorabekov, first deputy chairman of the Ministers' Court, M. Umrzokov, state advisor, Sh. Yoldoshev, chairman of the Supreme Council, K. Ahmedov, chairman of the election commission, and the oblast governors. T. Alimov, presidential advisor, prepared guidance with the Security Committee. As far as the form and content of this guidance was concerned: "it spread rumors, primarily among the Russian-speaking population, i.e., confusing Muhammed Solih's name with that of the Mufti of Central Asia Muhammed Sodik Muhammad Yusuf, it maintained that "he intends to veil the women and drive representatives of other ethnic groups out of Uzbekistan;" in the villages it claimed: "Muhammad Solih is russified and sold out the nation to Russia; among students and intellectuals it claimed that "Muhammad Solih is a poet and has never worked anywhere and does not understand leadership; famine and poverty will come to Uzbekistan."

Many such orders were handed down. Chief editors of newspapers and magazines, and television and radio heads were burdened with harassing Muhammad Solih because he was worrying President Karimov, and Karimov ordered that Solih's platform not be published. KHALK SOZI chief editor, Ahmadjon Mukhtorov, published Muhammad Solih's pre-election platform. From that day onward Ahmadjon Mukhtorov was persecuted. Finally, he was driven out of his job and has fallen on bad times.

Preventing voters from gathering at pre-election meetings in the oblasts was given special consideration. When Muhammad Solih arrived in an oblast, meetings were scheduled for a specific hour at four different locations. People would go to those gathered at the four different locations and say "the candidate did not arrive." Lights would be extinguished at the meeting places, repair work would begin, and similar peculiar actions would occur. Although television was devoted to Karimov for the entire day, Muhammad Solih was given the opportunity to appear only once. He was essentially "cut off" from expressing his opinions.

According to the law, the government had to allocate money for propaganda work to trusted representatives. At the time when unaccountable funds were dispersed for Karimov, none of the funds were allocated to the campaign of Muhammad Solih.

Instead of a platform, the president issued a massive appeal which began by praising him to the skies. His meetings were turned into a major occasion in every oblast. He made promises like "I will not raise the price of bread," "I will do everything for the state." Despite this, the people knew who was who. Karimov knew the nature of the people. Thus, the experience of balloting, i.e., the experience of parliamentary elections began to operate.

Ballots were stolen in some places, and in some places votes were counted ten times over. In places where Erk was under strong control, such "miracles" were not contrived. Oblast and rayon governors unable to falsify the election results were removed from their positions. For example, the Khorazm oblast and rayon leaders were removed for this.

The students were suddenly given a vacation during the presidential elections. They had voted a week before the election, and had gone home to home. "We locked the ballot boxes," they said, but they had been opened. Basically, the students had voted for Muhammad Solih. This put Islom Karimov's future in great jeopardy. He looked for a way to eliminate this force. Some 20 days after the election there was an uproar in the student town. The students were fired upon...

From this day on, the feeling that he had a major competitor in Uzbekistan did not leave him. Thus, he thought that the competitor had to be eliminated by any means. He concentrated all his strength and energy not

on Uzbekistan's national development, but on implementing this intention. He knew that Muhammad Solih was his most dangerous enemy.

'THE FORCE OF SCANDAL'

At the first session of the Supreme Council in 1990 Shovrukh Rozimurodov, a deputy from Kashkadaryo, said: "Why did we elect a president without an opponent at the Supreme Council? When Karimov worked in Kashkadaryo, I knew him well and I do not want him to become president." A short time later he was arrested. Sh. Rozimurodov, although he was a people's deputy, was imprisoned for several months. At the 7th session, after strong criticism of this illegality by the "black forces" deputies, Sh. Rozimurodov was released from prison. But he no longer performed as a deputy.

At this session national representative Inomjon Tursunov, who showed documents and said "Karimov covered up the Ferghona tragedy," and "when Karimov was first secretary of the Kashkadaryo Communist Party two million rubles were written off," was arrested by the militia shortly thereafter. At this point, changes were made in the laws on fraud by people's deputies; now a people's deputy is forbidden to speak against or criticize the government. As for these "changes," they made it possible to be free of the "black forces." On the basis of letters organized in the name of the "people," it was made known that Inomjon Tursunov was invited to step down as a deputy. Meetings with voters were not permitted, and he was kept under house arrest. On the day of his recall, cheaper prices were announced in his electoral districts. Articles were published with the intent to establish his malfeasance. His responses to intrigues such as this were not published anywhere.

Because the people had not voted, Inomjon's trusted representatives did not go into his electoral districts. While there was some talk about this in the world public opinion and in Uzbekistan, it was quickly forgotten. This was the easiest way for this government...Soon a campaign began calling for the resignation of Shukrullo Mirsaidov, Uzbekistan's former vice-president. Polat

Abdurahmonov, the governor of Samarkand Oblast, and his deputy Alisher Mardiyev were ordered to fire Deputy Jahongir Muhammad. On the day that Muhammad was going to meet his voters, he was prevented from leaving Tashkent; subsequently, he was kept under house arrest in Samarkand. Ninety people who had voted for him got together saying "we are going to complain to the president" but they were imprisoned for several days.

On election day the ballots were counted under the leadership of responsible representatives of the president, and a document was prepared showing that 93 percent of the people had voted against him. Then it was Murod Jorayev's turn. Since he was a member of Erk, in other words, one of the "black forces," he had to sing the same song. The rooting out operation continued. The Supreme Council committee was ordered to fire Erk Party member Otajon Polvonov from his deputyship. This was done in the same way as the others.

Finally, it was the turn of Erk Party member Samandar Kokunov. Voters in his district did not go along with the government's "game." Thus, Samandar Kokunov was suddenly arrested. Pictures were taken of other people's houses, and it was announced that "the deputy has a number of houses." He is now being kept in jail without a trial.

Erk Party member and secretary of the Bukhara Oblast council Nasrullo Saidov was also put under house arrest and forced to step down from his deputyship. The documents responsible for his resigning the deputyship are so poorly done that everyone who has seen them think they are forgeries.

The fate of all the deputies who have been forced to or will be forced to resign is being resolved in this way. On one hand, new parliamentary elections have been announced. The fact that deputies who are members of Erk or the "black forces" will not participate in the new elections will not stop a frightened government from persecuting them.

Not only astrologers, but even you can predict the results of the 1994 elections. And you would not be wrong.

END OF

FICHE

DATE FILMED

16 JULY 1994